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# AIRLINE DISPUTE

GOVERNMENT

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## HEARING BEFORE THE COMMITTEE ON LABOR AND PUBLIC WELFARE UNITED STATES SENATE

EIGHTY-NINTH CONGRESS

SECOND SESSION

ON

WHETHER AN EMERGENCY EXISTS AS SET FORTH IN  
SENATE JOINT RESOLUTION 181

JULY 27 AND 28, 1966

Printed for the use of the  
Committee on Labor and Public Welfare



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THE AIRLINE DISPUTE

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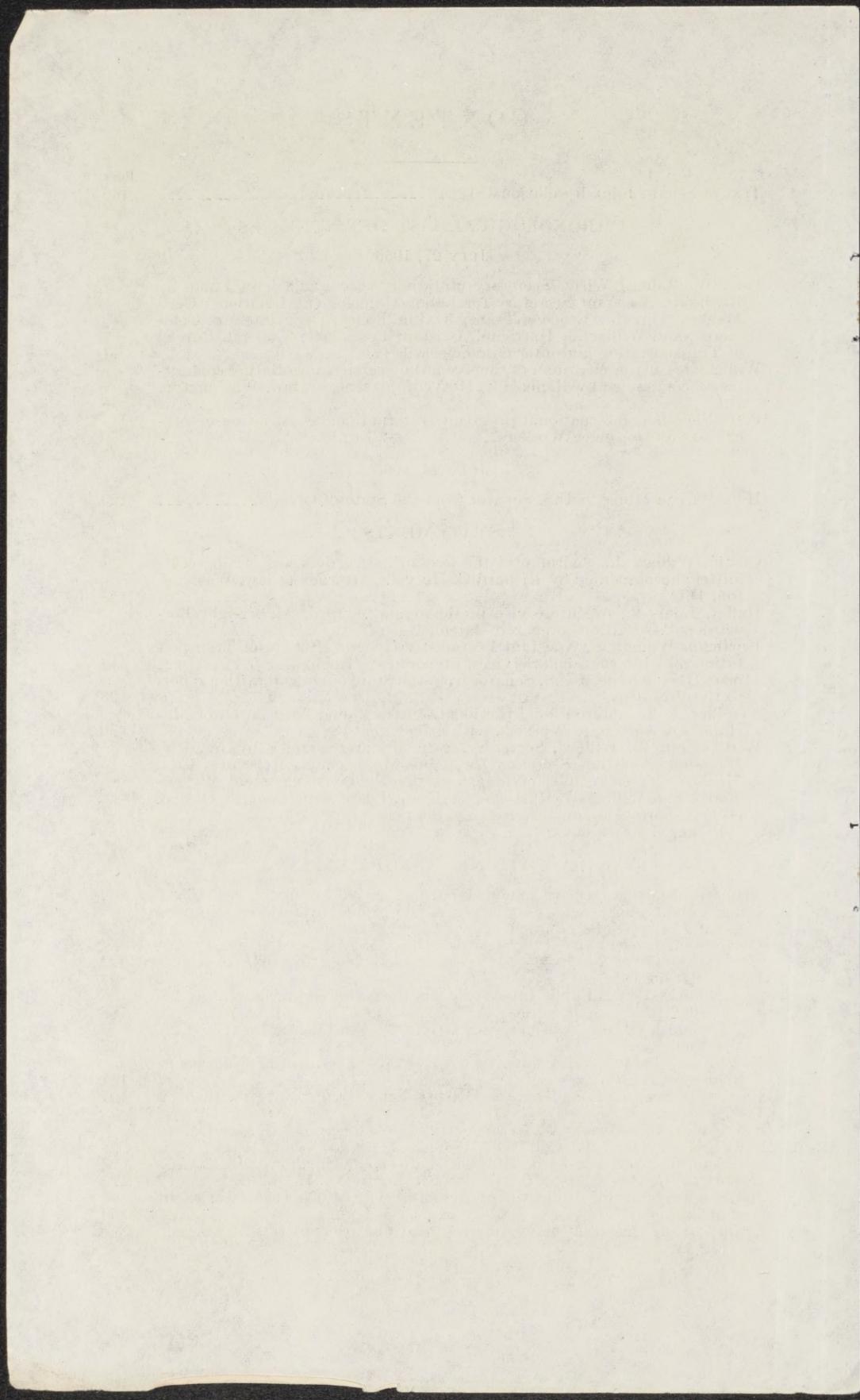
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## AIRLINE DISPUTE

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WEDNESDAY, JULY 27, 1966

U.S. SENATE,  
COMMITTEE ON LABOR AND PUBLIC WELFARE,  
*Washington, D.C.*

The committee met at 1:30 p.m., pursuant to call, in room 4232, Senate Office Building, Senator Lister Hill (chairman of the committee) presiding.

Present: Senators Hill (presiding), Morse, Yarborough, Clark, Randolph, Williams, Pell, Kennedy of Massachusetts, Nelson, Kennedy of New York, Javits, Prouty, Dominick, Murphy, Fannin, and Griffin.

Committee staff members present: Stewart E. McClure, chief clerk; John S. Forsythe, general counsel; John Bruff, counsel, Subcommittee on Labor; and Stephen Kurzman, minority counsel.

The CHAIRMAN. The committee will please be in order.

Secretary Wirtz, we appreciate your being here to advise us whether a national emergency exists due to the present airline strike. We will be happy to have you proceed in your own way.

**STATEMENT OF HON. W. WILLARD WIRTZ, SECRETARY OF LABOR;  
ACCOMPANIED BY JAMES J. REYNOLDS, ASSISTANT SECRETARY  
FOR LABOR-MANAGEMENT RELATIONS; CECIL MACKEY, DIRECTOR,  
OFFICE OF TRANSPORTATION POLICY, DEPARTMENT OF  
COMMERCE; AND WILLIAM J. HARTIGAN, ASSISTANT POST-  
MASTER GENERAL, BUREAU OF TRANSPORTATION AND INTER-  
NATIONAL SERVICES**

Secretary WIRTZ. Thank you, Mr. Chairman and members of the committee. I have filed with the committee a statement which I expect, Mr. Chairman, would probably be best for me to follow fairly closely, but with your indulgence, to move rapidly past or to skip over those parts which I think not completely essential to the development of the statement.

The statement, Mr. Chairman, covers the advice which has been assembled by the administration from the Department of Commerce, from the Department of Defense, from the Post Office Department, and from the other agencies.

We have, in what I think is the service of the committee, combined it in a single statement. There are representatives of the other agencies here. If there should be questions in detail, I would want to turn to Mr. Mackey from the Department of Commerce, to Mr. Moot from the Department of Defense, to Mr. Hartigan from the Post Office Department.

I should like the record to show the presence, which will shortly be a fact, with me, of Assistant Secretary Reynolds, who will be very helpful to the committee in connection with testimony on this matter, who will be here momentarily.

Turning then to the statement, Mr. Chairman and members of the committee, you have asked for testimony directed to the issue of whether an emergency exists, set forth in Senate Joint Resolution 181 and in the related bills.

I have in my statement set out the language of that resolution. It is my understanding that there has been some change in that particular language. That won't effect my testimony. It is my impression, however, that the change is in the direction of the language in section 10 of the Railway Labor Act, to which I have also made reference here, with that language appearing in my prepared statement.

Senator MORSE. Mr. Secretary, I think it would perhaps be well if someone read the change that was introduced in the Senate this morning. It reads as follows, in Senate Joint Resolution 181:

Joint resolution to provide for the settlement of the labor dispute currently existing between certain air carriers and certain of their employees, to be amended as follows:

Strike out all of lines 9 and 10 on page 1, and lines 1 and 2 on page 2, and insert in lieu thereof the following:

"Aerospace workers, a labor organization threatens substantially to interrupt interstate commerce to a degree such as to deprive any section of the country of essential transportation services, and such essential transportation services must be maintained."

The Secretary is right that that is a direct quote from the language of the Railway Labor Act.

Secretary WIRZ. There are, of course, Mr. Chairman and members of the committee, many other considerations which are relevant to the problem in this case. I would refer particularly to the desirability, of course, of a settlement in the country's interest, and to the elements of economic stabilization which are involved. I shall, however, limit my opening statement, at least, to the particular area to which the committee has referred.

We did, immediately upon the advice of the committee hearing, assemble that matter which, as a matter of fact, we had been in the process of collecting even as this situation developed.

I shall try to summarize from the information I have at hand the situation as it affects those interests which are involved in the work of the various departments of Government.

In general, and before going into detail, as fairly as I can, Mr. Chairman and members of the committee, I would sum up this situation in this way, and this is from the prepared statement:

First, this strike has, of course, a direct and unquestionably serious impact on the companies involved and on their employees.

Second, it has caused extensive disruption and inconvenience in air travel and transport generally.

Third, it has hurt particular businesses in particular areas quite badly.

Fourth, it has had a marked but not large-scale effect on the economy generally.

Fifth, it has slowed up part of the postal service significantly.

Sixth, it has not affected the defense or military effort materially. Seventh, there are definite signs of increasing loss, cost, inconvenience, and possible danger.

I should like to make this point: A report of this kind is necessarily cast in general terms. I am not sure how accurate a picture of this particular situation cast in those terms may be. So, in addition to consulting the statistics which have been assembled, we have made overnight—yesterday and through the night—a complete check of all of the communications which have been received by the Department of Labor, and most of those which have been received by the White House, some 2,000 telegrams and letters from Senators and Congressmen, Governors, mayors, other officials at the State and county level, and so forth.

I have a good many of the representative communications of that kind at hand. It is very hard to generalize about them, but there are telegrams from the mayors of the various cities involved. There are indications of the impact of this situation on particular communities and on particular businesses.

It is from a certain growing, if I may say so, concern about the validity of overall statistics in a country this large that I say to you I shall be glad to supplement the general statements which are made here which are going to show an impact of less dimension than I think most of us had expected by reference to specific situations in specific areas.

In somewhat more detail now, the most direct effect, of course, is on the five airline companies which are tied up, and on the 35,400 striking employees. Then there are between 35,000 and 40,000 nonstriking airline employees who have also been laid off. They are without pay.

The impact in terms of passengers who are grounded by the strike is suggested by a single statistic. There are about 150,000 passengers each day who would be flying on an airline if it were not for this strike, who would be flying on one of these airlines, if it were not for this strike. We have tried to break that figure down. One-third of that is probably personal travel. Most of this is a matter of comfort and convenience, and yet thousands of lost trips are a matter of hardship ranging from the soldiers delayed in returning home on furlough to the loss of opportunity to visit an ailing relative.

About two-thirds of the travel interrupted to this extent involves trips of a business nature, for such purposes as selling goods, buying material, bringing in consultants, and so forth. There is no way to estimate how the loss or circuitous pursuit of these trips crimps business efficiency.

I turn next to suggest the impact of this situation on the military program, and the short of that is that it has had virtually no impact on the military program. The Department of Defense reports little direct impact on the movement of military personnel except for those service personnel traveling on leave status.

It is very important to an appreciation of this situation to recognize the extent to which arrangements have been made for the meeting of crises of one kind or another, particularly of this kind.

At the inception of the strike, an arrangement was worked out involving the Department of Defense, the Department of Labor, and the officials of the Machinists Union. This was to provide for the

orderly and expeditious clearance of all commercial charter flights which were requested by the Department of Defense.

As a result, group movements of military personnel have been accomplished with little delay, and in numbers, frankly, we just about are comparable to those transported by commercial air carriers before the strike began.

The Department of Defense has at the same time encountered some adverse results from the strike. Official travel within the United States has been reduced by something between 25 and 50 percent. It is hard to tell. The military training programs requiring use of National Guard and Air Force Reserve aircraft have had to be adjusted to accommodate the withdrawal of aircraft for project combat leave.

The use of alternative means of transports and escalated operations of military aircraft to move duty and leave passengers has increased costs. Added chartered U.S. contract cargo capability has not been obtainable since a large portion of supplemental air carrier capability is being employed to supplement regular airline services.

There is difficulty being experienced by defense contractors in moving personnel on a timely basis. So it is a matter, as far as the defense or military program is concerned, of no diminution of basic required essential services, but of interruption of some of the supplementary services, some of the side services which are quite important.

Next, with respect to the effect of this situation on business and commercial interests, these are the overall figures:

The air transportation system in the United States consists of 11 trunk carriers and 13 local service carriers. In addition, there are 13 supplemental carriers. There is a fleet of more than 90,000 general aviation aircraft, and there is a fleet of 3 all-cargo carriers.

The five struck airlines normally account for approximately 60 percent of the scheduled trunk carrier passenger service and approximately 57 percent of the air cargo.

From the standpoint of the Nation's total transportation system, air transportation accounts for about 6 percent of the total intercity passenger miles, and approximately one-tenth of 1 percent of total freight movements.

It is clear that the five airlines involved in the strike account for a substantial portion of the airline traffic in the United States in terms of passengers, cargo, and mail. It is also important to note that only 5 of the 100 top city pairs in terms of traffic generation are without direct one-carrier service as a result of the strike.

At the time the strike started, the trunk carriers as a group were operating at load factors ranging generally from 50 to 60 percent systemwide. Local service carriers were operating 45 to 50 percent.

Senator DOMINICK. Mr. Chairman, I wonder if I can interrupt at that point.

I wonder if the Secretary can tell me where he got those figures from? My own personal experience is that every plane I have been on has been jammed to the eyeballs before the strike started.

Secretary WIRTZ. Before the strike started?

Senator DOMINICK. Yes.

Secretary WIRTZ. That hasn't been mine, Senator. If I were testifying from personal experience, my experience not being important, but these figures are from the Department of Commerce and from the

subsidiary agencies of the Department, and I think the truth of the matter is it is spotty. It is probably true that both of us travel those routes on which there is the largest service.

This is an average, and it includes those routes on which there is a much lower sustaining factor. I would tend to credit this figure, but, again, I confessed already this afternoon, I have come to distrust averages like everything, and I think this is an average that probably conceals some.

Senator DOMINICK. I wondered if you had gotten it from the airlines. It seemed to me that would be the obvious spot to get them.

Secretary WIRTZ. I would check on that. I would be almost certain that they had to come from the airlines. I am advised that they do.

I think the answer is that it is another of those averages that really doesn't illuminate things very much. I would recognize your point that some routes are terribly crowded and others are very light.

To alleviate the pressures—

Senator RANDOLPH. Before you proceed, there are some routes with very regular schedules and some with very sporadic travel schedules. Of course, if a person begins a trip he has to complete the trip. This is a problem, if one begins on a regularly traveled route, but must end on a sporadically traveled route, to get from one point to another, and at that point, en route, at that airport he is stopped. So he doesn't begin at all, rather than become stranded. Is this true?

Secretary WIRTZ. That is correct. It is, again, on the averages business. If a man has one foot in the refrigerator and another on the stove, he is, on the average, comfortable.

I think the point that both Senators have raised is that there have been important routes on which there was full capacity travel or virtually full capacity, and that is true.

Senator MORSE. I would say, Mr. Secretary, being burned on one foot and frozen on the other is not very comfortable.

Secretary WIRTZ. I agree. That is the story of my life.

It is important that in order to alleviate the pressures caused by the strike, the CAB has issued a number of orders authorizing an emergency-type action by the non-struck trunk carriers, the local service carriers, and the supplementals. These orders have facilitated additional scheduling, and a type of service not normally provided by these carriers in order to make air transportation more readily available to the traveling and shipping public.

It has been estimated that approximately 150,000 domestic passengers daily would have flown on flights scheduled by the 5 struck airlines had operations continued on a normal basis.

The nonstruck airlines have added extra schedules and both the trunk carriers and local service carriers are experiencing higher load factors. Because of limitations in the number of hours per month crews can fly, it may not be possible to maintain operations at the present expanded level during the last few days of the month.

Essential cargo is moving by air, but there is some delay being experienced. There is less accumulation of cargo at the docks than the airlines had anticipated. Yet it is clear at the same time that some shippers have rearranged their schedules for movements of cargo because of the strike.

In a strike of short duration, not involving all domestic airlines, it is clear that the remaining nonstruck lines and other modes of transportation can pick up a substantial portion of the passenger and cargo traffic that the struck airlines normally carry.

It is also possible, however, that this offsetting factor may decrease over a protracted period, since factors of safety and efficiency are involved.

I realize, Mr. Chairman and members of the committee, that this seems to be a yes and no kind of testimony. We have tried the best we can to bring that into focus, and in terms that are perhaps only conversationally sound, but we think relatively accurate.

We calculate that at the present rate, the struck airlines are incurring a loss of about \$7 million per day in passenger, cargo, and mail gross revenues. Taking into account the offsetting gains in revenue by the nonstruck lines, railroads, truck, and buslines, we estimate that the gross revenues for the entire transportation industry are probably being reduced by about \$1 million a day, and the indirect effects we estimate as of about the same order of magnitude.

In addition to the effect on the airlines, we have to examine the effect on the industries which normally are dependent on air traffic. This is an area in which firm figures are hard to get. We have a lot of reports of the indirect impact on hotel business and on resorts, and every reason to credit them.

It appears that certain localities are seriously affected. Hotel occupancy is down in some cities, in fact in a good many, and there are increasing reports on that particular point.

There are other secondary effects which ought to be noted: The rapid shipment of spare parts for repairs is often a matter of critical importance. Perishable commodities such as cut flowers or fresh seafood can't be shipped long distances except by air.

Air shipment is the preferred method of shipping delicate electronic and scientific equipment. Officials of one of the airlines, TWA, have estimated that \$500,000 a day of their business is going to foreign-flag carriers, which introduces another point of consideration here.

This figure doesn't take into account, however, foreign travel by U.S. citizens which may have been curtailed, perhaps 5 percent of the total of planned travel during this period, nor does it take into account increased U.S. landing fees paid by foreign-flag carriers as a result of their increased traffic.

The effect of this on the dollar balance is pretty incomplete. We estimate that the total adverse effect, including all of these factors, on the balance of payments, is now on the order of \$1 million a week.

These estimates don't reflect any diminution in foreign travel to the United States, and in expenditures by foreigners visiting the States, since we estimate that the strike is only now beginning to reduce the flow of foreign visitors to any very substantial degree.

So, in summary, on this point of the effect, this situation on business and commerce, I think it is fair to say this: It is clear that the impact of the strike may not yet pose a basic threat to the entire economy, but the seriousness of the strike in certain areas and industries warrants grave concern.

The strike has posed serious inconvenience for thousands of people. Trips have been canceled. Scheduled business meetings have been

changed. Vacation plans have been altered. For many, the use of alternative methods of travel or shipment of cargo have proved possible; for some, however, no feasible opportunity has been available.

With respect to the postal service, the situation is this: Obviously, for business and professional people, as well as many private individuals, airmail is an essential service for communication and rapid delivery of commodities. Financial and legal documents, bank clearances, medicines, medical supplies, military items of many kinds essential to defense needs, are a few examples of items for which airmail is important.

I should note again that any defense materials have, so far as I know, been moved without interruption or delay. Last year there were handled approximately 200 million pounds of airmail involving over 2 billion pieces. This is a daily average of about 641,000 pounds. It is over 6.7 million pieces.

About two-thirds of the total air service is performed by the five carriers now on strike. They accounted for about 134 million ton-miles of service last year.

In addition to this quantity of service, each of these carriers operated many schedules which, with their connecting services, are an essential element of a pattern of distribution and transportation designed to provide rapid delivery of airmail. The loss of this available capacity in schedules has resulted in delays of up to 24 hours, and in some instances where important connections are lost, ingestion or limited capacities are acute, delays could be as much as 48 hours.

The remaining air carrier operations are fully utilized to move the mail, using extensive circuitous routings where necessary. In most instances, the mail is moving later and is frequently delayed in transfer or at connecting points.

There is one more critical segment where the strike has had its greatest impact. The Post Office Department has arranged for air charter schedules, especially flown for mail, and in many instances has had to use regular surface means. The most critical segments are the north-south movements on the eastern seaboard and the west coast, and the east-west movements between the Eastern States and many points throughout the Midwest and Western States.

Military mail service to Pacific points, including Saigon, has not been impaired. In the Pacific international area, the only U.S. air carrier on strike is Northwest, but it has operated military flights exempt from the strike which have been used for mail to the Armed Forces.

This military flight has helped keep servicemen's mail delays to a minimum.

In addition to airmail, a substantial volume of first-class mail is normally moved by air on a space-available basis. With this strike, it has been necessary to return most of this mail to surface channels, with much slower delivery. On a daily basis, this averages about 365,000 pounds, and delays run as high as 4 or 5 days as compared to pre-strike services on the routes affected.

There is one other point: According to the Federal Reserve Board, the strike has affected the normal float by increasing it from \$275 million to \$900 million daily, with an average increase of about \$570 million daily. The excessive float resulting has an inflationary effect, according to the Board.

Without a detailed study, it is almost impossible to determine the financial losses experienced by individuals using the mails for business, such as deposits to banks by mail, payments of bills and so forth, but it generally is considered to be a substantial sum of money.

We have records of requests that have been received from pharmaceutical companies to work out arrangements for the moving of vital, lifesaving pharmaceuticals. Correcting this situation is almost impossible because of the lack of available space as long as the strike is in existence.

I have set out some illustrative illustrations of slowup in airmail delivery to which you may want to refer.

In conclusion, Mr. Chairman and members of the committee, it is obviously difficult to measure facts of this kind by the standards suggested by the phrases in Senate Joint Resolution 181 or in any other.

The transportation services involved here are clearly essential in the ordinary sense of the term. The national interest is plainly involved, and yet hardly in the usual sense of national health, safety, and defense.

Yet even in saying that, if there should be one accident on an airline during this strike period with its overload on the lines that are operating, there would be recriminations that would be leveled that would be without regard to any proven facts of relationship or no relationship to the strike.

I am frank to say this possibility has haunted the preparation of this testimony, and I don't mind saying I assume no responsibility whatsoever regarding that aspect of it.

Neither do I mean by what are necessarily broad generalizations to disregard the hundreds of thousands of small, individual inconveniences any public service stoppage creates. We are entitled to, and we do, as individuals, measure the national interest to some extent by what happens of each one of us.

Finally, and more significantly, I have tried to give the committee today's picture. Tomorrow's is going to be different.

It is going to be worse by at least a little, and more so the next day.

The question is whether the public deserves an end to this situation. The answer is clearly that it does. We are confronted with a serious, substantial, adverse impact on the national interest, and an impact which, however, has not yet brought the country to what most of us would think of as an emergency stage. However, any prolongation of the current strike by increasing the strain on existing services, by multiplying the current delays and inconveniences, may well bring the Nation to that crisis, emergency stage at some point.

(The prepared statements of Secretary Wirtz and Assistant Postmaster General Hartigan follow:)

PREPARED STATEMENT OF HON. W. WILLARD WIRTZ, SECRETARY OF LABOR

Mr. Chairman and members of the committee, you have requested testimony from members of the Administration "on the sole issue of whether an emergency exists as set forth in S.J. Resolution 181 and related bills."

The positions of the various Departments and agencies concerned with airline transportation have been brought together in this statement. Representatives of the Department of Defense, Post Office Department and the Department of Commerce are with me at this hearing.

The proposed finding in Section 1 of S.J. Resolution 181 is that the current airline strike "threatens essential transportation services of the Nation; that it is essential to the national interest, including the national health, safety and defense, that essential transportation service be maintained; \* \* \* that it is desirable to achieve a settlement of this dispute in a manner which serves the public interest in economic stabilization and which preserves the free collective bargaining method \* \* \* [and] that emergency measures are essential to the settlement of this dispute and to the security and continuity of transportation services by such carriers."

This compares with the language which establishes the prerequisite for Presidential action in establishing an Emergency Board under Section 10 of the Railway Labor Act. The reference there is to a dispute which should "threaten substantially to interrupt interstate commerce to a degree such as to deprive any section of the country of essential transportation service."

There are, of course, many considerations which are relevant to this problem. In particular, there is the matter of the public interest in economic stabilization. However, the Committee has requested only that I present facts with respect to whether an emergency exists.

Immediately upon receiving word Monday afternoon of the Committee's desire to hear testimony as to whether an emergency exists within the meaning set forth in S.J. 181, an intensive review of the impact of this strike was reported to me by the Departments of Defense, Commerce and Post Office. I have at hand the results of those reviews.

On July 7, when informed that a strike would take place the next morning, the President issued directives designed to minimize its impact upon the civilian and military communities. These directives went to the Acting Secretary of Defense, the Chairman of the Civil Aeronautics Board, the Administrator of the Federal Aviation Authority, the Chairman of the Interstate Commerce Commission and the Postmaster General.

The extraordinary response in terms of emergency measures taken as a result of these directives both within the Government and throughout the air transport industry has to a remarkable degree met the essential needs of the Department of Defense and has served to minimize inconvenience and injury to the civilian population. Whether these measures, with their severe demands on physical and human resources, can continue to be effective for long is speculative.

I would sum up the situation this way:

1. This strike has of course a direct and unquestionably serious impact on the companies and on their employees.
2. It has caused extensive disruption and inconvenience in air travel and transport generally.
3. It has hurt particular businesses and particular areas badly.
4. It has had a marked but not large scale effect on the economy generally.
5. It has slowed up the Postal Service significantly.
6. It has not affected the defense or military effort materially.
7. There are definite signs of increasing loss, cost, inconvenience, and possible danger.

Since this strike began twenty days ago I have received over two thousand telegrams and letters from Senators and Congressmen—from Governors, Mayors and other officials at State and County level—from business interests both large and small—from trade associations and private citizens—all expressing concern over this dispute. From their tone and content they reflect the view that, from the perspective of the individual citizen or the public official at all levels of government, this strike constitutes something far more than mere inconvenience. More than half of them plead for some form of governmental action to accomplish an immediate resumption of operations. A third are voices of outrage and frustration over personal and business losses caused by forces beyond their control. They are an expression of resentment that a dispute between a relatively few people is affecting the lives of many. They come from forty-three states of the nation and, if they can be accepted as a valid indication of current public opinion, then resentment and concern over this stoppage is widespread and intense.

Now in more detail.

The most direct effect is of course on the five tied-up airlines, the 35,400 striking employees, and between 35,000 and 40,000 nonstriking airline employees who have been laid off.

The number of *passengers* a day grounded by the strike is 150,000.

One-third of this is personal travel. Most of this is a matter of comfort and convenience, but thousands of lost trips are a matter of hardship, ranging from the soldier's delay in returning home on furlough to the loss of an opportunity to visit an ailing relative.

*Two-thirds* of the trips are *business* travel for such purposes as selling goods, buying material, exchanging information, bringing in consultants, etc. There is no way to estimate how the loss (or circuitous pursuit) of these contacts crimps business efficiency; but the costs must be substantial.

#### *The military program*

The Department of Defense reports little direct impact upon the movement of military personnel, except for those service personnel traveling on leave status.

At the inception of the strike arrangements were made through the Department of Labor, in cooperation with officials of the Machinists Union, to provide for the orderly and expeditious clearance of all commercial charter flights requested by the Department of Defense. As a result, group movements of military personnel have been accomplished with little delay and in numbers comparable to those transported by commercial air carriers before the strike began.

The Department of Defense has at the same time encountered the following results of the strike:

Official travel within the United States has been reduced by 25% to 40%.

Military training programs requiring use of National Guard and Air Force Reserve Aircraft have had to be adjusted to accommodate the withdrawal of aircraft for Project Combat Leave.

Use of alternative means of transport and escalated operations of military aircraft to move "duty" and "leave" passengers has increased costs.

Added chartered U.S. Contract Cargo capability has not been obtainable since a large portion of supplemental air carrier capability is being employed to supplement regular airline services.

Difficulty is being experienced by defense contractors in moving personnel on a timely basis.

#### *Business and commercial interests*

The air transportation system in the United States consists of 11 trunk carriers and 13 local service carriers. In addition, there are 13 supplemental carriers, a fleet of more than 90,000 general aviation aircraft, and a fleet of 3 all-cargo carriers. The five struck airlines, Eastern, National, Northwest, TWA and United, normally account for approximately 60 percent of the scheduled trunk carrier passenger service and approximately 57 percent of the air cargo.

From the standpoint of the Nation's total transportation system, air transportation accounts for approximately 6 percent of the total inter-city passenger miles and approximately one-tenth of one percent of total freight movements.

While it is clear that the five airlines involved in the strike account for a substantial portion of the airline traffic in the United States in terms of passengers, cargo and mail, it is also important to note that only five of the 100 top city pairs in terms of traffic generation are without direct one carrier service as a result of the strike.

At the time the strike began, the trunk carriers as a group were operating at load factors ranging generally from 50 to 60 percent systemwide and local service carriers were operating at 45 to 50 percent. This meant that there was at least some measure of excess capacity available in the system, even without increasing the frequency of flights.

To alleviate the pressure caused by the strike, the CAB has issued a number of orders authorizing an emergency type action by the non-struck trunk carriers, the local service carriers and the supplementals.

These orders have facilitated additional scheduling and types of service not normally provided by these carriers in order to make air transportation more readily available to the traveling and shipping public.

It has been estimated that approximately 150,000 domestic passengers daily would have flown on flights scheduled by the five struck airlines, were operations continued on a normal basis. The non-struck airlines have added extra schedules and both the trunk carriers and the local service carriers are experiencing higher load factors. Because of limitations on the number of hours per month crews can fly, it may not be possible to maintain operations at their present expanded level during the last few days of the month.

Essential cargo is moving by air, though some delay is being experienced. There is less accumulation of cargo at the docks than the airlines had anticipated

but it is clear that some shippers have rearranged their schedules for movement of cargo because of the strike.

In a strike of short duration not involving all domestic airlines, it is clear that the remaining non-struck lines and other methods of transportation can pick up a substantial portion of the passenger and cargo traffic that the struck airlines normally carry. It is possible, however, that this offsetting factor may decrease over a protracted period since factors of safety and efficiency are involved.

We calculate that at the present rate the struck airlines are incurring a loss of about \$7 million per day in passenger, cargo and mail gross revenues. Taking into account the offsetting gains in revenue by the non-struck lines, railroad, truck and bus lines, we estimate that the gross revenues for the entire transportation industry are reduced by \$1 million a day. The indirect effects are estimated as of about the same order of magnitude.

In addition to effects on airlines, we must examine the effects on the industries which are normally dependent on air traffic. This is an area in which firm figures are difficult to ascertain.

We have many reports of the indirect impacts on hotel business and resorts. It appears that certain localities are seriously affected. Hotel occupancy is down in some cities.

There are other secondary effects which should be mentioned :

The rapid shipment of spare parts for repairs is often a matter of critical importance.

Perishable commodities such as cut flowers or fresh seafood cannot be shipped long distances except by air.

Air shipment is the preferred method of shipping delicate electronic and scientific equipment.

Officials of TWA have estimated that \$500,000 a day of their business is going to foreign flag carriers. This figure does not take into account, however, foreign travel by U.S. citizens which may have been curtailed (perhaps 5 percent of the total who planned travel during this period), increased U.S. landing fees paid by foreign flag carriers as a result of their increased traffic, et cetera.

We estimate the total adverse effect including all of these factors on balance of payments is now on the order of \$1 million a week. These estimates do not reflect any diminution in foreign travel to the United States and in expenditures by foreigners visiting the States since we estimate that the strike is only now beginning to reduce the flow of foreign visitors to any substantial degree.

In summary, it is clear that the impact of the strike may not yet pose a basic threat to the entire economy, but the seriousness of the strike for certain areas and industries warrants grave concern. The strike has posed serious inconveniences for thousands of people. Trips have been cancelled, scheduled business meetings have been changed, vacation plans altered. For many, the use of alternative methods of travel or shipment of cargo has proved possible. For some, however, no feasible alternative has been available.

#### *Postal service*

To business and professional people, as well as private individuals in their personal correspondence, airmail is an essential service for communication and for the rapid delivery of commodities. Financial and legal documents, bank clearances, medicines and medical supplies, military items of many kinds essential to defense needs are a few examples of items for which airmail is important.

Last year there were handled approximately 200 million pounds of airmail, involving over two billion pieces. This is a daily average of about 641,000 pounds; over 6.7 million pieces. About two-thirds of the total air service is performed by the five air carriers now on strike. They accounted for about 134 million ton-miles of service last year.

In addition to this quantity of service, each of these carriers operated many schedules which with their connecting services are an essential element of a pattern of distribution and transportation designed to provide rapid delivery of airmail.

The loss of this available capacity and schedules has resulted in delays of up to 24 hours, and in some instances where important connections are lost, and congestion or limited capacity is acute, delays could be as much as 48 hours.

The remaining air carrier operations are fully utilized to move the mail, using extensive circuitous routings where necessary. In most instances, the mail is moving later and is frequently delayed at transfer or connecting points.

On more critical segments where the strike has had its greatest impact, the Post Office Department has arranged for air charter schedules specially flown for mail, and in many instances has had to use regular surface means.

The most critical segments are the north-south movements on the Eastern seaboard, and on the West Coast; and the east-west movements between the populous Eastern states and many points throughout midwest and western states.

Military mail service to Pacific points, including Saigon has been impaired in the domestic phase.

In the Pacific international area, the only U.S. air carrier on strike is Northwest, but it has operated military flights exempt from the strike, which have been used for mail to our Armed Forces. This military flight has helped keep servicemen's mail delay to a minimum.

In addition to airmail, a substantial volume of first-class mail is normally moved by air on a space-available basis. With the strike, it has been necessary to return most of this mail to surface channels, with much slower delivery. On a daily basis, this averages about 365,000 pounds, and the delays run as high as 4 to 5 days, as compared to pre-strike service on the routes affected.

According to the Federal Reserve Board, the strike has affected the normal float by increasing it from \$275 million to \$900 million daily with an average increase of \$570 million daily. The excess of float resulting has an inflationary effect according to the Federal Reserve Board. Without a detailed study, it is almost impossible to determine the financial losses experienced by individuals using the mails for business such as deposits to banks by mail, payments of bills, etc., but it is generally considered to be a substantial sum of money.

Requests have been received from pharmaceutical companies to work out arrangements for the moving of vital and lifesaving pharmaceuticals. Correcting this situation is almost impossible because of the lack of available space as long as the strike is in existence.

Examples of airmail delay:

*New York to Seattle.*—Under normal operations, mail leaving major East Coast cities in the late evening arrives in Seattle on United Airlines' flight 159. During the strike it has been necessary to dispatch this mail from New York on Flying Tiger, providing arrival in Seattle at 11:20 a.m., with 24 hours delay. From other Eastern points, such as Philadelphia, Baltimore and Washington, this mail is being rerouted through San Francisco. In some instances it is impossible to clear this mail through San Francisco without an over-all delay of 48 hours. This is also true of the Portland area.

*Washington to Atlanta.*—The loss of Eastern Airlines' service between Washington and Atlanta and Florida points has resulted in regular delays of 24 hours in this comparatively short-range area. Consistently, from 4,000 to 5,000 pounds of mail for this area cannot be moved on flights which provide next day delivery and does not leave Washington till 10:00 or 11:00 a.m. the following day, resulting in 24-hour delay. To prevent greater delays, it has been necessary to implement a charter operation between Washington and Atlanta, serving Greensboro and Charlotte. Even this, however, cannot prevent the serious delays mentioned above.

*Washington to Albuquerque.*—TWA provides our normal service from Washington to Albuquerque. During the strike it has been necessary to route this mail through Dallas with a 24-hour delay.

*New York to Miami.*—With the loss of 2 principal carriers in the Boston, New York-Miami service, all mail is experiencing 24 hours delay.

*West Coast Service.*—In some instances we have experienced delays up to 72 hours in the movement of mail from Los Angeles and San Francisco to the Seattle and Portland areas. With the installation of one round-trip of chartered service it has been possible to reduce these delays to 24 and 48 hours.

*First Class Airlift Mail.*—First class airlift mail being diverted to trains is causing extra work load conditions on trains which result in large volumes arriving at destinations unworked, causing further delays.

#### *In conclusion*

It is obviously difficult to measure these disparate facts by the standards suggested by the phrases in S.J. Resolution 181.

The transportation services involved here are clearly "essential" in any ordinary sense of the term.

The "national interest" is plainly involved—but hardly in the usual sense of "national health, safety and defense." Yet if there should be one accident

on an airline during this strike period—with the overload it places on the lines that are operating—the recriminations would be levelled without regard to any proven facts of relationship or non-relationship to the strike. This possibility haunts this testimony—and I assume no responsibility regarding it.

Neither do I mean by what are necessarily broad generalizations to disregard the hundreds of thousands of small and individual inconveniences a public service stoppage creates. We are entitled to measure the national interest to some extent by what happens to each of us.

Finally, and more significantly, I have tried to give the Committee today's picture. Tomorrow's will be different, and worse by at least a little; and more so the next day.

If the question is whether the public deserves an end to this situation, the answer is clearly that it does.

We are confronted with a serious, substantial, adverse impact on the national interest, an impact which, however, has not yet brought the country to an emergency stage. However, any prolongation of the current strike, by increasing the strain on existing services, and by multiplying the current delays and inconveniences may well bring the nation to that crisis, emergency stage.

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PREPARED STATEMENT OF WILLIAM J. HARTIGAN, ASSISTANT POSTMASTER GENERAL,  
BUREAU OF TRANSPORTATION AND INTERNATIONAL SERVICES

Mr. Chairman, Members of the Committee, the Post Office Department is pleased to appear before you today as you requested, to explain the effect of the airline strike on the mail service.

As you know, airmail is our premium service,—a service on which a large segment of the public relies for expeditious delivery of its mail.

To business and professional people, as well as private individuals in their personal correspondence, airmail is an essential service for communication and for the rapid delivery of commodities. Financial and legal documents, bank clearances, medicines and medical supplies, military items of many kinds essential to defense needs are a few examples of items for which airmail is important.

Last year we handled approximately 200 million pounds of airmail, involving over two billion pieces. This is a daily average of about 641,000 pounds; over 6.7 million pieces. About two-thirds of the total air service is performed by the five air carriers now on strike. They accounted for about 134 million ton-miles of service last year.

In addition to this quantity of service, each of these carriers operated many schedules of particular value to mail—schedules which with their connecting services are an essential element of a pattern of distribution and transportation designed to provide rapid delivery of airmail.

The loss of this available capacity and schedules has resulted in delays of up to 24 hours, and in some instances where important connections are lost, and congestion or limited capacity is acute, delays could be as much as 48 hours.

We have done the best we can to minimize these delays. The remaining air carrier operations are fully utilized to move the mail, using extensive circuitous routings where necessary. In most instances, the mail is moving later and frequently delayed at transfer or connecting points.

On some of our more critical segments where the strike has had its greatest impact, we arranged for air charter schedules specially flown for mail, and in many instances have had to use regular surface means. This substitute service falls short of the normal standard of airmail service maintained by the Post Office Department.

Our most critical segments are the north-south movements on the Eastern seaboard, and on the West Coast; and the east-west movements between the populous Eastern states and many points throughout midwest and western states.

Military mail service to Pacific points, including Saigon has been impaired in the domestic phase.

In the Pacific international area, the only U.S. air carrier on strike is Northwest, but it has operated military flights exempt from the strike, which have been used for mail to our Armed Forces. This military flight has helped keep servicemen's mail delay to a minimum.

I should point out, that in addition to airmail, we normally move a substantial volume of first-class mail by air on a space-available basis. This is part of a program inaugurated in 1953. With the strike, it has been necessary to return

most of this mail to surface channels, with much slower delivery. On a daily basis, this averages about 365,000 pounds, and the delays run as high as 4 to 5 days, as compared to pre-strike service on the routes affected.

Some specific examples of delays are attached.

According to the Federal Reserve Board, this strike has affected the normal float by increasing it from \$275 million to \$900 million daily with an average increase of \$570 million daily. These statistics were taken between July 11 and July 22.

Also, according to the Federal Reserve Board, this situation is directly attributed to the delays in transportation in general including airmail. The excess of float resulting has an inflationary effect according to the Federal Reserve Board. Without a detailed study, it is almost impossible to determine the financial losses experienced by individuals using the mails for business such as deposits to banks by mail, payments of bills, etc., but it is generally considered to be a substantial sum of money.

Requests have been received by us from pharmaceutical companies concerning the problems they have had in transporting medicines and drugs to patients. They have requested the assistance of the Post Office Department and other transportation modes to work out arrangements for the moving of these vital and lifesaving pharmaceuticals. Correcting this situation is almost impossible because of the lack of available space as long as the strike is in existence.

#### EXAMPLES OF DELAY TO AIRMAIL

##### *New York to Seattle*

Under normal operations, mail leaving major East Coast cities in the late evening arrives in Seattle on United Airlines' flight 159. During the strike it has been necessary to dispatch this mail from New York VIA Flying Tiger, providing arrival in Seattle at 11:20 a.m., with 24 hours delay. From other Eastern points, such as Philadelphia, Baltimore and Washington, west-bound mail is being rerouted through San Francisco. In some instances it is impossible to clear this mail through San Francisco without an over-all delay of 48 hours. This is also true of the Portland area.

##### *Washington to Atlanta*

The loss of Eastern Airlines' service between Washington and Atlanta and Florida points has resulted in regular delays of 24 hours in this comparatively short-range area. Consistently, from 4,000 to 5,000 pounds of mail for this area cannot be moved on flights which provide next day delivery. Such mail does not leave Washington until 10:00 or 11:00 a.m. the following day, resulting in 24-hour delay. To prevent greater delays, it has been necessary to implement a charter operation between Washington and Atlanta, serving Greensboro and Charlotte. Even this, however, cannot prevent the serious delays mentioned above.

##### *Washington to Albuquerque*

TWA provides our normal service from Washington to Albuquerque. During the strike it has been necessary to route this mail through Dallas with a 24-hour delay.

##### *New York to Miami*

With the loss of 2 principal carriers in the Boston, New York-Miami service, all mail is experiencing 24 hours delay.

##### *West coast service*

In some instances we have experienced delays up to 72 hours in the movement of mail from Los Angeles and San Francisco to the Seattle and Portland areas. With the installation of one round-trip of chartered service, it has been possible to reduce these delays to 24 and 48 hours.

##### *First class airlift mail*

First class airlift mail being diverted to trains is causing extra work load conditions on trains which has resulted in large volumes arriving at destinations unworked, causing further delay in delivery.

The CHAIRMAN. Senator Morse.

Senator MORSE. Mr. Chairman, as far as this hearing is concerned, I am going to disqualify myself as an examiner, most certainly because of the connection I have had with this dispute.

I feel that as chairman of the President's emergency board, although I sit in this hearing with a senatorial hat on and not an emergency board hat, I feel it would be inappropriate of me to participate in cross-examination.

On the other hand, I want to say to the committee I am available in due course of time to sit at that witness chair as a witness in this case. The other members of my emergency board, I am sure, will be very glad to join me if the committee would like to have our views in regard to the history of this dispute, and our views in regard to what I consider to be the most controlling issue that has not been mentioned by the Secretary of Labor.

That is the effect of prolongation of the strike and the undoubted settlements that I think would occur if it goes through with the naked economic power of this union to force a settlement by way of economic action.

That, of course, is the great inflationary wage increase in settlement of this case would impose on the American people. In regard to that matter, I think my colleagues know my views very well. I think it involves the greatest weapon we have, and we ought to make secure, the value of the American dollar.

There is no greater disservice to the American people, or, for that matter, labor, that could be rendered by the Congress if it failed, in my judgment, to take the necessary legislative steps and pass the legislation that will protect the American people from a breakthrough in inflation controls.

That, however, calls for my acting as a witness, so I shall not ask questions at this point. I shall be glad to answer the committee's questions when I appear as a witness.

The CHAIRMAN. Senator Javits.

Senator JAVITS. Mr. Secretary, does the administration favor any legislation by the Congress in the airline strike?

Secretary WIRTZ. I had sort of anticipated that question.

Senator JAVITS. I am glad I didn't disappoint you.

Secretary WIRTZ. In respect to the committee, I have reduced my views so that there will be no misunderstanding, to writing, which I should like to distribute. It is a short statement. It is addressed to a question somewhat narrower than you have put it, but it will start at least toward that line.

It is addressed most particularly to the two resolutions on which primary interest has been focused the last day or two; namely, Senate Joint Resolution 181 and, in the terms of the committee's telegram to me of related business, and Senate Joint Resolution 182.

My position, Senator Javits, would be stated with respect to those matters as follows, and then to broaden it out to include the other parts of your question.

The question you have asked arises in terms of this hearing, in a sense of whether the impact of the airlines strike warrants the enactment of such resolution as Senate Joint Resolution 181 and related bills.

This would be easy to answer if this case stood alone. The public is fed up with this strike. Collective bargaining has had a full chance to work—but it has not so far. The legal mediation processes were followed, and a board of three most responsible men made recommen-

dations to the parties; the companies accepted them but the union rejected them out of hand.

Twenty days of strike, of serious public inconvenience, have contributed nothing toward agreement. The natural public attitude is that "there ought to be a law."

It would be an easy question to answer, too, if the survey which has been made revealed a greater danger to the health or safety or defense of the Nation.

But this case doesn't stand alone.

What is involved is a complex balancing of interests typical of the hardest, toughest testing of freedom: the kind of testing that comes only in connection with the freedom to do something that most people think is outrageous.

The question is really whether to take away from one union because of its intransigence, the right to strike which is the traditionally recognized mean of all labor's enforcing its collective-bargaining demands.

That right would be worthless if it could be exercised only when a majority of the public agreed with what the union was seeking.

Once—and only once—in the past 20 years, since World War II, has the right to strike been denied by a special law because a union's bargaining demands were considered unreasonable, and its threat to the public interest too great. That was in 1963 when a complete paralysis of the Nation's railroads was imminent.

This isn't that kind of situation.

In more direct answer to your question, I oppose strongly, under these circumstances, something in the nature of Senate Joint Resolution 182. It would provide for compulsory arbitration. There are not the reasons in my judgment here for going down that route.

Senate Joint Resolution 181, to which Senator Morse has referred and introduced, presents a closer question. It would leave the issue in dispute to be settled by collective bargaining. But it would deny the union's right to strike, and would require an immediate return to work on the employer's terms, that is, within the 180-day period.

Something of this sort may have to come, but not until in my judgment every alternative has been exhausted.

Therefore, I respectfully suggest an alternative interim course.

I believe in the the force of public opinion.

The introduction of Senate Joint Resolution 181 and the action of the committee has already focussed national attention on this case, and on the necessity of its prompt and fair settlement.

I suggest that the very considerable influence of this respected committee be made a force for the prompt settlement of this dispute by responsible bargaining and by mediation.

This could include your insistence upon immediate resumption of negotiations—which have been, as a practical matter, recessed for the period of this legislative consideration. This would increase the prospects of bargaining which recognizes, as President Johnson pointed out last week, that "the right to bargain collectively carries the duty to bargain constructively."

It could include your instruction that I report back to this committee, at an early time specified by you, either the fact of an agreement between these parties or the reasons for there not being one.

The public, through the Congress, is entitled to set a deadline on the recognition of its interests here as above those of the parties—if there is a continuing conflict between them.

So, I urge that free collective bargaining be given a last clear chance to work.

Finally, I note this:

There is a basic question involved in this case—and Senator Morse has pointed it out—of preserving the stability of the economy.

President Johnson has insisted publicly, and the Government mediators have urged both publicly and privately, that this case be settled within the framework of the recommendation of the Presidential Emergency Board.

Before proposing enforcement of these stabilization policies by law there must be full appreciation of the implications of this course. Accordingly, I respectfully suggest that the committee should consider a course of action which may contribute significantly to the prompt settlement of this case.

I realize, Senator Javits, that the answer is not directly, but feel that it lies within the area of the question which you put.

Senator JAVITS. Mr. Secretary, I gather this is the position of the administration that you have read to me?

Secretary WIRTZ. Yes, sir.

Senator JAVITS. The President has no other recourse to law? There is no law on the books to which he can repair, is there?

Secretary WIRTZ. That is correct.

Senator JAVITS. Unless we give him law, he has none?

Secretary WIRTZ. There is no other statutory recourse.

Senator JAVITS. So the recourse today, if we would have recourse to law, is to the Congress?

Secretary WIRTZ. That is correct.

Senator JAVITS. Why has not the President done the other thing which Presidents have done traditionally? Why has not he called in the parties and sought to settle the strike?

Secretary WIRTZ. I don't believe, Senator Javits, that it will be very fruitful for me to comment on the course of action of the President in terms of a question as to why he has not done it. I can give you my own reaction to it, which is that this situation does not warrant exhaustion or the use of that kind of remedy. I am frank to say, and I think the country shares this view to a considerable extent, that we will enter on a course of great danger if every labor dispute goes to the White House for settlement. I think it would be a mistake. I believe most of the country thinks it would be a mistake.

This is a case of considerable magnitude and importance, there is no question about it. It has received what I believe, in the judgment of the parties, the best mediatory help that could be afforded it in the person of Assistant Secretary Reynolds. I am sure that is the view they share. It involves a set of factors which I have tried to outline in this statement. My shorter or summarizing answer to your question in terms of my own judgment would be that this is a situation in which the balancing of interests would not prompt the President of the United States, who has a war or something very close to it on his hands, to get into this business.

I should be ashamed of myself as a Government officer, I should be ashamed of myself as a member of this union, I should be ashamed of myself as a member of any of the companies involved, if this matter had to be intruded on the attentions of the President of the United States to that extent at this point in history.

Senator JAVITS. It is not my view that either I as a Senator or this committee is sitting in judgment on the union which has workmen fully entitled to their rights, and the carriers, who are entrusted with the people's money and preserving their rights, and which also have a public utility status. We are looking to the public interest. Do you feel we could legitimately legislate before the ultimate resort is exhausted? Let us remember the President did this in the steel strike. This is not a matter of first impression. Do we have the right to legislate, in your judgment, until this has been done, until the President has called in the parties?

Secretary WIRTZ. I would think it would be a great mistake to condition the action of the Congress in the labor field upon the participation of the President in a labor case.

Senator JAVITS. So our hands are free, in your judgment?

Secretary WIRTZ. Yes, sir.

Senator JAVITS. It is a fact, is it not, that the President told us early this year that he would recommend legislation to deal with precisely this kind of problem? He did it in the state of the Union message and he did it in the President's Economic Report.

Secretary WIRTZ. That is correct. There was a reference to strike legislation.

Senator JAVITS. Can you give us any reason why this has been delayed until we are caught completely unprepared? I would not use any more curbstone language which readily occurs to all of us.

Secretary WIRTZ. I don't think we are caught unprepared at all, Senator. The Congress, in what I believe truly was the complete wisdom, in 1926 passed the Railway Labor Act, which provided, with amendments in 1934, for the coverage of exactly and precisely this kind of case. So there has been on the books since 1926, a statute which, if I were to recommend to this Congress an approach to problems of this kind, would be very much like what I would have in mind, because there was a recommendation here by a most responsible board in the pattern of that act. So I don't believe we were caught unprepared.

Senator JAVITS. Do you mean to represent to us that the Railway Labor Act is adequate when it has no final remedy by which the Government can protect its own operation? The Government is powerless now. If you should be testifying that the mails are broken down, defense carriage has broken down, business has broken down. You still have no law on the books to deal with it. Is not that true?

Secretary WIRTZ. I am not sure I heard your question completely enough to answer in your terms, but I am sure that the net of the question is whether there is a provision in the law for terminal, final and binding and controlling settlement of labor disputes, and the answer is that there is not.

Senator JAVITS. Or for the right of the Government to operate the facilities to the extent necessary to protect its own being?

Secretary WIRTZ. That is correct.

Senator JAVITS. There is nothing on the books?

Secretary WIRTZ. That is correct.

Senator JAVITS. Now, finally, Mr. Secretary, it is a fact that though you do not arm us with a finding of national emergency—I think that is the clear implication of your testimony—you do testify that the test set by the Railway Labor Act has been met. You do testify that this strike has resulted in a substantial interruption to interstate commerce such as to deprive sections of the country of essential transportation service?

Secretary WIRTZ. Yes, sir; and further, Senator, that finding was, of course, made by the President as a basis for the invoking of the Railway Labor Act.

Senator JAVITS. That persists and is aggravated today, is that correct?

Secretary WIRTZ. Yes; I think that is right.

Senator JAVITS. Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Secretary, you stated in your supplemental statement to us:

I suggest that the very considerable influence of this respected committee be made a force for the prompt settlement of this dispute by responsible bargaining and by mediation. This could include your insistence upon immediate resumption of negotiations which have, as a practical matter, recessed for the period of this legislative consideration.

Could you be more specific about that? What do you mean? Do we just adjourn this meeting?

Secretary WIRTZ. Not to the preclusion of anything else, Mr. Chairman, but I think it ought to be sent back to the woodshed, just in so many terms. Not that alone, but if I may recall a little of the history that bears closest on the present situation, it did involve a Senate committee. It was the Commerce Committee's consideration of this problem in connection with the railroad situation in 1963. At least twice, and if not three times, there were expressions from that committee of a formulation of the public interest which I thought would be helpful for bargaining.

You know, we came very close to settling that case. It is just too bad that that scar ever developed on the history of this particular subject. We came very close. We did not win, but on two or three occasions a Senate committee looked at this committee, spoke the public's voice in a way that I can't command or that a mediator in this case can't command, spoke the public's voice, expressed very strongly the public's now sharp and continuing and day-to-day interest in that situation, and said to us, in effect, "If there is not an agreement by such and such a time, we, on behalf of 175 million people, want to know why."

So what I am suggesting there is that at least before legislation of this kind would be passed, that that possibility ought to be exhausted.

The CHAIRMAN. You spoke about going to the woodshed. You mean this time we would say if they did not settle, we would take the paddle to the woodshed, is that right?

Secretary WIRTZ. Yes sir; without telling us which paddle.

Senator JAVITS. If the Senator will yield, I think there is no question about the public sense of outrage and deprivation. There is no doubt in your mind about that, is there, Mr. Secretary?

Secretary WIRTZ. I don't think, Senator, that the public in general, has, until very recently, had the degree of interest in this situation that

it has in a good many other cases, by the measure of wires received and I am speaking about the deluge of them, by the measure of what page of the papers this appears on, and by this fact. It is one of the peculiarities in this situation that a very, very small percentage of the people in this country feel a direct personal hurt from an airline strike. In fact, I suppose the number of people who feel a hurt is smaller than the number of people over whose homes the landing patterns in the airports are established. And in a very meaningful sense, I reply to you that there has not been that measure of expression or formulation of public interest here that you would find in other cases.

Senator JAVITS. I think you will hear from my colleagues.

The CHAIRMAN. Senator Yarborough.

Senator YARBOROUGH. Mr. Secretary, I want to commend the President when he stated that the right to bargain collectively carries the duty to bargain constructively. As a member of this committee we have laid aside very important legislation to hear these resolutions. It is a disappointment to me that the parties to this controversy quit negotiating when the Senate set a hearing. I think it is their duty to keep up their negotiations. I think they invite us to pass something if they quit their bargaining. I think it is their duty to continue to try to reach a settlement for themselves and for the public they serve. It is overtly inviting criticism of the President for not doing something here. I note from your prepared statement that by this strike there has been grounded 6 percent of the total intercity passenger traffic in the United States, and 94 percent of the personal intercity traffic is still going on, and that it has stopped one-tenth of 1 percent of the total freight movements in the country. By that, then, 99.9 percent of the total freight shipments would still be going on. Is that correct?

Secretary WIRTZ. Yes. Both figures are understood best when the importance of automobile traffic is pointed out. That passenger figure is much affected by the large amount of automobile traffic.

Senator YARBOROUGH. Ninety percent of all intercity traffic is in personal automobiles, is it not?

Secretary WIRTZ. Yes.

Senator YARBOROUGH. Leaving 10 percent for trains, buses, airlines, and so on?

Secretary WIRTZ. I think those figures are about right.

Senator YARBOROUGH. But what is stopped is 6 percent of the intercity traffic of persons in the United States, with 94 percent still going on. I believe you said it was 60 percent of the air traffic is on regularly scheduled carriers.

Secretary WIRTZ. Sixty or sixty-one percent.

Senator YARBOROUGH. That does not include the small private planes, or planes of corporations, fleet planes, is that correct?

Secretary WIRTZ. That is right.

Senator YARBOROUGH. Mr. Secretary, I don't know whether you are in a position to answer this next question, but do you feel that the parties might reach a settlement within the next few days under existing circumstances if legislation is not passed now?

Secretary WIRTZ. I am not in a position to answer in meaningful terms.

Senator YARBOROUGH. I think the restraint of the President under these circumstances is commendable. We know, just as a matter of

fact, that there are many people inconvenienced and dissatisfied, and a lot of people like to see what they call a strong President. But with only 6 percent of the intercity passenger traffic affected and one-tenth of 1 percent of the freight traffic affected, it might be popular for the President to try to take it over, but I think he has shown commendable restraint in giving the parties an opportunity to negotiate, or if the Congress desires to act to let the Congress act.

Secretary WIRTZ. I would be less than fair to myself, Senator, if I were not to point out without developing the points at all that there is in this case unquestionably more than the matter of movement of goods and people involved. There is the matter of the stability of the economy, and of the future of collective bargaining, and of all of those things. I only add that.

Senator YARBOROUGH. We have that in your statement. I noted that. I read it in addition to listening to you say it.

I want to commend you and Mr. Reynolds for the efforts you have made to bring a settlement of this strike about.

By the way, Mr. Secretary, how much are these machinists paid per hour in comparison to what machinists are paid for hourly work say for the Greyhound Bus Line? What is the difference?

Mr. REYNOLDS. The mechanic's rates among these five carriers is \$3.52 per hour. There are many instances of mechanics, maintenance mechanics, of bus lines and other fields, making higher than \$4 per hour.

Senator YARBOROUGH. Ground transportation pays how much per hour?

Mr. REYNOLDS. Well over \$4 per hour.

Senator YARBOROUGH. And these maintenance mechanics doing a similar type of work on the planes that fly are getting an average of \$3.52 per hour?

Mr. REYNOLDS. The mechanics' rate is \$3.52. The average rate for the 35,400 people represented by this union is \$3.25 an hour.

Senator YARBOROUGH. But the mechanics are the highest paid, getting \$3.52 an hour and the average is \$3.25 an hour?

Mr. REYNOLDS. Yes.

Senator YARBOROUGH. And a lot of people in similar work servicing buses get over \$4 an hour?

Mr. REYNOLDS. Yes, sir; I believe that is so, and I am sure there are some who get a great deal less.

Senator YARBOROUGH. That is all I have.

The CHAIRMAN. Senator Clark.

Senator CLARK. Mr. Secretary, in your opinion do the demands of the union fall within the wage-price guidelines laid down by the administration?

Secretary WIRTZ. No, sir.

Senator CLARK. They do not?

Secretary WIRTZ. They do not.

Senator CLARK. Do the recommendations of the Board chaired by Senator Morse fall within those guidelines?

Secretary WIRTZ. In practical terms, yes. By that I mean only to say that, contrary to public opinion, the 3.2 decimal point idea has never been in the application as specific to the second and the third and fourth decimal places as people have inferred. Furthermore,

it is very hard to figure in a situation. It depends on whether you include within the base the wage rates alone, the fringes, and what amount of fringes, and so on, and so forth. I would answer this question without qualification in these terms, that the recommendation of the emergency board is, in my judgment, and without any qualification, completely consistent with the stabilization policy established in the Council of Economic Advisers' report.

Senator CLARK. And the request of the unions is not?

Secretary WIRTZ. That is correct.

Senator CLARK. There has been a good deal of concern about what is happening to aircraft maintenance as a result of this strike. As I understand it, the strike has resulted in enormous increase in demand for private aircraft, carrier as well as noncarrier. It has been said that some pilots are flying as many as 12 hours a day. I have heard it alleged that these planes are being flown without adequate maintenance and that this creates a serious safety problem. Can you comment on that?

Secretary WIRTZ. Only partially, and to this extent, that the Government regulations relating both to maintenance conditions and practices, to hours of flight and all, are being strictly adhered to. The answer beyond that, Senator Clark, would surely better come from the parties themselves than from us. I can only testify to the fact that the Government regulations are being applied strictly.

Senator CLARK. Do those regulations apply to private aircraft as well as public aircraft? That is, private aircraft carrying passengers for hire.

Mr. REYNOLDS. The Federal Aviation Agency has authority to limit the number of hours that a pilot flies on scheduled airlines. That number of hours is 85 hours per month, Senator Clark. Actually, in a number of collective bargaining contracts with the union representing pilots, the limit is considerably less than that per month. With respect to private pilots flying their own planes, the limitation is not there, to my knowledge.

Senator CLARK. I am not talking about the scheduled carriers.

Mr. REYNOLDS. You are speaking of unscheduled private carriers, but private for profit venture.

Senator CLARK. Yes.

Mr. REYNOLDS. I could not answer that.

Secretary WIRTZ. I am advised by the FAA representative that they do apply to both types of carriers.

Senator CLARK. I take it from the FAA representative, then, that he is not concerned with maintenance or fatigue on the part of private pilots carrying for profit as a result of this strike? This is something you need not worry about, is that right?

Mr. MACKEY. I am not an FAA representative. I am from the Department of Commerce. The only thing I advised the Secretary on was the fact that the FAA regulations on hours do apply to contract carriers as well as scheduled carriers and generally the collective bargaining limitations on crew time are set below FAA regulations.

Senator CLARK. How about maintenance?

Mr. MACKEY. I am not informed on that.

Senator CLARK. Thank you.

The CHAIRMAN. Senator Prouty.

Senator PROUTY. Mr. Secretary, when a request for postponement of this hearing, originally scheduled for yesterday, was made on the ground that administration witnesses needed more time in which to prepare their statements, I took it for granted that this was merely a tactical move designed to bring about some delay because of a reason to believe that the issues involved in the airline strike were about to be resolved.

Based on your statement this afternoon, I have regretfully reached the conclusion that yesterday's optimism was not justified and that the disputants are no closer to agreement now than they were when the strike began.

My first question is this, and perhaps I should have consulted Senator Morse before posing it. I have heard that Senate Joint Resolution 181 was actually drafted by the Department of Justice. I don't know whether the changes which have been suggested this morning were also made by them. If my information is accurate, it does indicate, I think, that the administration considers the airline strike a matter for serious concern. I would like to have your views as to whether that is a correct assumption.

Secretary WIRTZ. My views on the question of where a bill introduced by a Senator came from? I have no comment on that.

Senator PROUTY. That the resolutions were actually drafted by the Department of Justice.

Senator MORSE. As a witness I want the record to show that I assume the full responsibility for Senate Joint Resolution 181.

Senator PROUTY. That does not entirely answer the question.

Mr. Secretary, there was an editorial in the Evening Star of a day or two ago and you were quoted as saying that the union is making a farce of collective bargaining and that the cost of the prolonged strike is intolerable. Have you made statements to that effect?

Secretary WIRTZ. Not in that broad context. Those statements are taken out of this context. The union was proposing last week to submit to its membership for a vote whatever proposition was on the table at that time. I was advised that that process would take 5 to 7 days, and I did say, in exactly the language to which you referred, that I thought that interruption of the mediation and bargaining process would be to make a farce of collective bargaining because there was nothing that had been agreed upon and it seemed to me that that was a delay. That was the delay which I said—and I don't remember the words exactly—I thought that to do that would be to make a farce of collective bargaining, and the price to the public in terms of 5 days' delay would be intolerable.

Senator PROUTY. I would like to follow up Senator Clark's question with respect to the inflationary effect of the demands presently being made by the union. I think you said they far exceeded the wage-price guidelines of the President.

Secretary WIRTZ. I think the question was whether they exceeded them, and they do.

Senator PROUTY. What was the increase recommended by the Emergency Board?

Secretary WIRTZ. I don't know in a precise term. I have been fighting the stabilization battle just about as hard as anybody, I guess, Senator. The inclination of the public and of the press to reduce a

settlement which covers everything from wage rates to all kinds of fringes to a single percentage figure seems to me to be in the process of getting us in trouble. I cannot answer your question with a single decimal point figure.

Senator PROUTY. I have heard, and I wonder if this is approximately correct, that the wage increase recommended by the Emergency Board would amount to 3.6 percent, that with fringe benefits included it would amount to 7 percent.

Secretary WIRTZ. I don't mean to spar. I can give you particular parts of the figures quite easily. It depends on whether you use as the base the wage rates, or whether you use as the base the wage rates including certain fringes, or whether you use as the base wage rates including other fringes. I can answer it in any one of those terms because those are straight mathematical facts.

Senator PROUTY. If the airlines agreed to the demands of the union, do you feel that this would encourage other unions in other industries to make similar demands?

Secretary WIRTZ. Yes, sir.

Senator PROUTY. Secretary Reynolds was quoted a while back as saying, referring to the negotiations, "We are in a deadlock. That is apparent. So long as the Hill discussions go on, there is no prospect for meaningful bargaining here."

If these hearings should suddenly be terminated, do you think real bargaining would begin?

Secretary WIRTZ. On the basis of which I suggested in my supplementary statement?

Senator PROUTY. Yes.

Secretary WIRTZ. Yes, sir, I think they would.

Senator PROUTY. How long do you think it would take to resolve the points at issue?

Secretary WIRTZ. I don't know.

Senator PROUTY. When does this strike become serious? Your statement, representing, I assume, the views of the President, suggests that it has not yet reached a critical stage.

Secretary WIRTZ. Senator, I don't think anything I have said lends itself to that suggestion. I think it is a very serious matter.

Senator PROUTY. Why, then, has not the President sent recommendations to the Congress to deal with the problem?

Secretary WIRTZ. There is a law passed by the Congress in 1926. The President's participation in this case has been to apply that law, to set up as a board, under the chairmanship of Senator Morse for whom I say nothing because if I say anything it would be too little from my standpoint and if too much I would embarrass the occasion. But there could not have been a finer appointment than that. The two other members are of outstanding integrity.

Senator PROUTY. I will say on that point that I am in complete agreement, and I am sure that most Members of Congress will share that view.

Secretary WIRTZ. That Board did this case, these parties, and the American public, the honor of giving this case the most serious consideration possible. They came out with a recommendation which, in my judgment, constituted a great, constructive step forward in this whole situation. The President of the United States has repeatedly

urged that there be a settlement within the framework of that recommendation. So have I. I think, Senator Prouty, the President of the United States has done everything that it could be expected would be done under these circumstances.

Senator PROUTY. Except sending recommendations to the Congress.

Secretary WIRTZ. That raises the question as to whether there should be a different law proposed.

Senator PROUTY. Mr. Secretary, you said some time ago when the unions wanted to submit this question to their membership, that a 5-day delay for a union vote would involve an intolerable price to the public. If that was true why is it not true that further delay before the Congress acts is equally intolerable?

Secretary WIRTZ. It involves, I suppose, a definition of intolerable. I think of intolerable in terms of something for which there is no justification, and find it of a different quality if it has some reason. I find a 5-day delay while no attempt is made at reaching agreement intolerable. I don't find a 5-day period of attempt to find an agreement intolerable.

Senator PROUTY. What would you consider intolerable starting now?

Secretary WIRTZ. I would count any minute wasted intolerable. If the question is in absolute terms as to how long the strike would go on before it was considered intolerable, I don't know.

Senator PROUTY. In your prepared statement, which I saw about 5 minutes before the hearing started, you say the rapid shipment of spare parts of repairs is often a matter of critical importance.

Certainly, delays of this character could affect national defense, I should think.

Secretary WIRTZ. So far as I know, Senator Prouty, there has been no delay in any shipment of any spare part which is of critical importance from the military standpoint.

Senator PROUTY. You also say that air shipment is preferred for shipping delicate electronic and scientific equipment.

Such equipment is essential to the defense effort, isn't it?

Secretary WIRTZ. Again, so far as we can determine, there has been no delay in any shipment of any part or any equipment vital for military purposes, and there has been a procedure set up to assure that that will be the case.

Senator PROUTY. You say in your prepared statement:

Requests have been received from pharmaceutical companies to work out arrangements for the moving of vital and lifesaving pharmaceuticals. Correcting this situation is almost impossible because of the lack of available space as long as the strike is in existence.

That seems to create a very serious problem.

Secretary WIRTZ. Yes, sir; I think it is serious.

Senator PROUTY. Mr. Chairman, I have no further questions.

The CHAIRMAN. Senator Randolph.

Senator RANDOLPH. Thank you, Mr. Chairman.

Secretary Wirtz, as we consider this subject today we do know that there are 4,000 flights on the scheduled air transport system of the United States that are not operating.

Secretary WIRTZ. Yes, sir.

Senator RANDOLPH. That is on a 24-hour basis, that figure.

Secretary WIRTZ. It is at least that.

Senator RANDOLPH. It is more than 4,000, actually. There is, from that standpoint, a serious breakdown of our air transport system, is that correct.

Secretary WIRTZ. Yes, sir.

Senator RANDOLPH. I have read several times in your statement this sentence:

It could include your instruction that I report back to this committee at an early time specified by you either the fact of an agreement between these parties or the reasons for their not being one.

Mr. Secretary, how much time do you feel you would need? You say we should ask you to report back at a certain specified time. Would you help the members of the committee by suggesting the period of time that you believe necessary to do your work, whatever that assignment may be?

Secretary WIRTZ. If this proposal seemed to the committee to make sense, and I am not pressing the details because I don't mean to be presumptuous, my answer to your question, Senator Randolph, would probably be along these lines. If this does seem to make sense, I think I should advise the chairman by, say, no later than Friday, either that I am in a position to report because I think nothing more is going to happen, or perhaps in the alternative that the situation appears to be taking a course that would warrant stretching that a little bit. I should be glad to make that report at any point. But instead of setting a time certain, it would be my own suggestion, to have whatever form seems to the committee most effective, work out those details.

Senator RANDOLPH. Mr. Secretary, I think the Secretary is very forthright in that response because he does not let it just unwind or unravel. He does speak with seriousness in response to the committee, if we were to follow the course he suggested.

Secretary WIRTZ. Making it clear that it would be entirely conceivable that the advice Friday might be that from my standpoint it would appear to me that some extension of that would be appropriate.

Senator RANDOLPH. I understand that. Now, Mr. Secretary I read from the editorial in the Washington Post of today because I feel that these lines are pertinent to the problem:

The question is not, of course, whether the United States has been brought to its knees by the strike. Congress is not required to wait until disaster has struck before acting to halt a strike that is causing serious dislocation in an area of essential public service. In other words—

Continues the editorial—

Congress is asked to invoke not some drastic war power to rescue the country from impending national peril, but its ordinary power to regulate interstate commerce in the public interest.

Mr. Secretary, would you endorse the language I have read, or would you comment on it with your own interpretation?

Secretary WIRTZ. To the extent that the part you have read—and as far as I know it is the whole—to the extent that what you read suggested this is only a matter of the ordinary exercise of interstate commerce seems to understate the gravity of the situation. As I have tried to suggest, it seems to me that you and we, and the country, face a quite basic balance of freedoms. A good deal of the interstate commerce clause and power has nothing to do, or very little to do, with

freedom. This does. This asks how much the public should take as a matter of hurt before it takes away a freedom of this kind. I think the statement underestimates the significance of the matter. It is not just a matter of the movement of goods or people.

As I said earlier in answer to an earlier question, there is also involved here the freedom of collective bargaining, and the great interest of this country in seeing that it does not lose in inflation what it has taken us five and a half years to gain, all of those things.

So I should find the matter more important than what is suggested in that editorial.

Senator RANDOLPH. Thank you, Mr. Chairman. I would like to pursue certain questions that have to do with the operations of the carriers themselves, but I think this is better done when the carrier or the union representatives are before us. I do realize that time is of the essence.

I am grateful for the type of testimony given by the Secretary this afternoon.

The CHAIRMAN. Senator Pell.

Senator PELL. Mr. Secretary, as I understand, the purpose of this hearing today is to determine basically whether this is a national nuisance and inconvenience or whether it is a national emergency. As I interpret your testimony, your own view is we have not gone through the threshold of crisis enough to characterize it by the terms of national emergency. From your testimony and from my own reading, I must say I am inclined to agree with you.

I was wondering about one point, following up a question by Senator Javits, where you said that the Congress may be free to pass legislation in this regard if it continues. But should we pass this legislation, in your view, until every Executive recourse has been used? It would seem to me that the President should also exercise his influence before we take as stringent an action as intervening in the collective bargaining process. What would your views be?

Secretary WIRTZ. That is the question that I understand Senator Javits to have asked me, and asked only that my answer be separated out from any position of the President. It would be, again, an answer, Senator Pell, which involved the weighing of what we have here against the weighing of the other matters that are today before the President of the United States. I hesitate to call the President of the United States about this case when I know what is going on in Vietnam. I just hesitate to call. I want to do it myself. I think it would be a great mistake for Congress to condition any action that it might want to take in this field or that it felt was in the public's interest to take, to condition it on the President's entering personally into this particular case. I don't think that minimizes the importance of this case. I think it involves a balance, a relationship between the exercise of responsibility by other members of the administration, which is of an interior nature. I know that the power of the office of the Secretary of Labor, depersonalizing it completely, does not compare with the power of the office of the Presidency on a matter of this kind. But I think my point is best made in terms of only the judgment I can make about the comparative importance of what we have here, and what the President of the United States ought to do about it when freedom is burning.

My answer has to be that I don't think Congress feels it wants another law. It ought to wait in this particular case.

I did not mean to be emotional about it.

Senator PELL. I understand. I think for us on the Hill to pass legislation injecting ourselves into the collective bargaining process, which we were hesitant to do in the past, poses a great and important question.

Secretary WIRTZ. I would share that hesitancy, as you know. On that point, I would subscribe completely to the view that we are going to do all we can before that step is taken.

Senator PELL. Thank you, sir.

The CHAIRMAN. Senator Dominick.

Senator DOMINICK. Mr. Secretary, I have from over the wire information that the President has now established another emergency board as far as the American Airlines' situation is concerned.

Secretary WIRTZ. Yes, that is correct.

Senator DOMINICK. Do you anticipate that this is going to be effective? That is, effective in terms of settling their dispute?

Secretary WIRTZ. I don't know what is down the line, because what is down the line involves the same kind of questions we have here. It will be effective in seeing to it that transportation is not interrupted, at least as far as this immediate period is concerned. I am not sure which was your question, Senator Dominick.

Senator DOMINICK. Both. But let me follow through on the second one.

Secretary WIRTZ. There will be a board set up, and everything I know would indicate that there will be a continuation of operations.

Senator DOMINICK. How long will that continuation go on?

Secretary WIRTZ. The statute provides 30 days from the issuance of the Executive order, which would be today, during which period the Board meets to hear the parties. That period is often changed and extended by agreement of the parties. And then it provides for 30 days after filing of the Board's report. So the answer to your question would be a minimum period of 60 days from date.

Senator DOMINICK. So we have 60 days in which at least American will continue flying under the existing law?

Secretary WIRTZ. Yes, sir.

Senator DOMINICK. Do you anticipate that the continuation of the strike on the five carriers now involved will affect the American Airlines situation? In other words, is the fact that this strike continues going to be an incentive to remain at the bargaining table, or is it going to be an incentive to remain on strike?

Secretary WIRTZ. As far as American is concerned?

Senator DOMINICK. Yes.

Secretary WIRTZ. I would assume that that procedure now moves into an area where those questions do not arise, because there would be involved the setting up of a board. They have, in effect before this step was arrived at, under the Railway Labor Act, exhausted the mediation possibilities, and they have rejected one part or the other, or both, and I don't know which it was here, proffers of mediation. So all of those opportunities have been exhausted.

Now there will be the establishment of a board. My answer to your question would be that I do not see anything in the situation which is presently before us which would affect those procedures.

Senator DOMINICK. What other airlines have their contracts coming up for negotiation?

Secretary WIRTZ. Pan American. It is about 2 months hence.

If there is not a settlement, a similar question would arise there in about 2 months. There may be other airlines. I will check and see.

Senator DOMINICK. There are three separate unions involved, is that correct?

Secretary WIRTZ. There are two. The Machinists are the union representing these employees, and Transport Workers Union represents the machinists on both Pan American and American.

Senator DOMINICK. Do you feel a settlement in this case would affect the settlements in the others?

Secretary WIRTZ. It would be unfair for me to answer that. Let me simply put the answer in general terms in which I know: Yes. There is a reason for drawing back a little bit. The reason for drawing back a little bit is the completely healthy view for every union that its case is its own case, and I respect that view.

Senator DOMINICK. What I gather from the colloquy we have just had is that the situation certainly is not improving.

Secretary WIRTZ. It is not improving, that is correct.

Senator DOMINICK. And despite this fact, you still feel that no legislation should be put into effect by this committee?

Secretary WIRTZ. I have suggested, I think, that anything along the lines suggested here should not be done before we try out the approach which would combine your forces and ours.

Senator DOMINICK. Do you then feel that if the strike has not been settled, we will say, by a week from now, that perhaps the committee should pass some legislation?

Secretary WIRTZ. If I were to enter upon mediation having announced publicly what I thought ought to happen if it did not work, I would have destroyed my utility. I would meet that point, Senator, by the suggestion that I would expect that if there is anything in this approach, and I think there is, it would involve a constant reporting to this committee of the full facts of the situation. But to say what comes at the end of this course is to mean that one party or the other is going to like that better than whatever we are suggesting at the moment.

Senator RANDOLPH. Senator Dominick, would you pardon me?

Your response to me, Mr. Secretary, was that you felt that you could come back to this committee on Friday of this week, or that at least by that time you should be able to come with a report or a partial report.

Secretary WIRTZ. That I would say to this committee on Friday whether I had what I thought was a worthwhile report or not. That might be tomorrow. But it was simply to preserve the possibility that the best advice to the committee on Friday might seem to be "in my own judgment, give us the week and to take a look at it."

Senator RANDOLPH. I am sorry to inject myself at this point, but your response was very clear to me that the seriousness of the situation in your thinking would bring you back to the committee this week. Is that right?

Secretary WIRTZ. I would put it a little differently, Senator, and would feel that it is not a matter that would present a question. I

would expect to advise the committee at whatever point it would inquire about this situation, but would expect to reserve the possibility of saying "I think if we have to make another public statement of this as of today it may prejudice the possibilities that we will do something overnight." Then it would be a mistake.

I don't see a problem here. I would like to serve both interests which it seems to me are involved, and yours which I respect completely, that no one wants this thing to go on indefinitely. Mine, at the same time, is trying to suggest that we arrive at some approach which would not tie our hands so that as of a moment certain there has to be another public hearing of some kind. I would respect, as you know, at any point, this committee's advice that "look, the public's time has run out, public patience has run out. If you have anything to suggest, lay it on the line" with respect to that.

Senator DOMINICK. It is my understanding that the negotiation in collective bargaining have broken down. Is that correct?

Secretary WIRTZ. If you mean that there is not an agreement, that there is presently a stalemate—I don't mean to fence with you—I would say at the present point there is no constructive gain being shown in the bargaining, as of the moment. But if that question meant that there has been no advance toward the end result and no prospect of an advance I should not answer it that way.

Senator DOMINICK. It is my understanding the parties are not even meeting, is that correct?

Secretary WIRTZ. They are on 30 minute notice, which they were put on the minute we heard about this hearing, or shortly after.

Senator DOMINICK. If they are not meeting, it seems difficult to determine that they are having collective bargaining going on.

Secretary WIRTZ. There is not collective bargaining going on at the moment.

Senator DOMINICK. Is there any indication that this is changing?

Secretary WIRTZ. I would not lightly bring to this committee a suggestion that time be afforded for this process unless I thought that that was a fair bet to play. So my answer to your question is "Yes," there is a prospect of that changing. Neither can I guarantee to you what will come out. But my answer unqualified is yes, that there is that prospect.

Senator DOMINICK. You have no specific indication, but you are just hopeful that this will happen, is that about right?

Secretary WIRTZ. That is not right. I would not ask this country or this committee to take a 2-day, a 3-day, a 4-day, a 5-day delay in this thing on the basis of my hopes which had nothing except dreams behind them. I have been living with this thing. I think it is a good proposition.

Senator DOMINICK. I have a rather loaded question here, Mr. Secretary, which has been handed to me. It may put your one foot in the icebox and one on the stove again. The question is this: Would you rather see a volunteer but inflationary settlement as opposed to legislation to insure a noninflationary settlement?

Secretary WIRTZ. Would I rather see—I just did not hear it.

Senator DOMINICK. A voluntary but inflationary settlement as opposed to legislation which would bring about a noninflationary settlement?

Secretary WIRTZ. May I answer the question in terms of extremes? Do you mean an extremely inflationary settlement or a little inflationary settlement? I hate legislation and I hate inflation, both of them.

So if what you are asking me is would I take my choice between 1 point of inflation or 50 points of legislation, I will take 1 point of inflation. If the question is whether it is 1 point of legislation against the 50 of inflation, I will take the legislation there. If my answer has confused you, as it has left me a little confused, let me say I think it is a hard question to answer in the abstract, but I don't want to see this country, again I say, lose in one case or in a series of cases the record of stability which is the marvel of this world today. So if the question means would I sell out, would I try to get an agreement at any price in terms of inflation, and I think that is what it means, the answer is I would not. I think this country would rather sweat this out than see the stabilization program go down.

Senator DOMINICK. One of the things that we will consider, Mr. Secretary, as a committee and as Senators who are involved in protecting the public interest, is to determine whether or not legislation is needed to prevent a forced inflationary settlement.

Secretary WIRTZ. I understand what you mean.

Senator DOMINICK. On this particular situation, I don't see that we have gotten any advice.

Secretary WIRTZ. Do you say a forced inflationary settlement?

Senator DOMINICK. Yes.

Secretary WIRTZ. There will not be a forced inflationary settlement.

Senator DOMINICK. If the union demands are inflationary and the airlines are finally forced into accepting this for any reason whatsoever, then I would rather that we are in that situation.

Secretary WIRTZ. That is a question.

Senator DOMINICK. This is one of the things that we as a committee have to consider.

Secretary WIRTZ. What I meant is that it will not be forced by the administration, and inflationary settlements will not be.

The CHAIRMAN. Senator Murphy.

Senator MURPHY. I commend you on your testimony, Mr. Secretary. I think it has been most enlightening. As I understand it, the purpose of this meeting, the request of the committee for your appearance, is to advise this committee as to whether or not the administration thought at this time that legislation was necessary in the public interest. It is my understanding from your testimony that at this time you do not think legislation is necessary. Is that correct?

Secretary WIRTZ. No, sir; I did not so understand it, Senator. The advice in the invitation was to appear on the sole issue of whether an emergency exists. So my testimony was designed to give this committee the fullest possible statement of the facts. I recognized that the additional question would arise, and very properly, and, therefore, answered the second question not in the yes or no terms to which you refer, but in terms of the suggestion that, recognizing what seems to me the gravity of the proposals before the committee, it would be better to see if we could combine forces to try to crack this thing by collective bargaining without the necessity of that legislation. That does not represent a terminal judgment one way or the other on the legislation.

Senator MURPHY. Then I as I understand it, at this time your suggestion is that we do not proceed with legislation, but, rather, combine forces, as you say, to see if we can arrive at a solution through collective bargaining?

Secretary WIRTZ. You will understand my reason for preferring the second part of that statement, which is in the affirmative.

Senator MURPHY. I was not interested in the reasoning, I was interested in the answer.

Secretary WIRTZ. I understand that. With your permission, I would like to put it in the affirmative, only because of the misunderstanding that would come from a flat statement. I would rather be on the constructive side.

Senator MURPHY. Thank you.

The CHAIRMAN. Senator Kennedy?

Senator KENNEDY of Massachusetts. Mr. Secretary, I first of all want to extend a greeting to Mr. Reynolds who is with you today, and who I feel has made an extraordinarily useful contribution, as many others in this area, on this particular case. I want to extend a welcome to him before this committee.

Mr. Secretary, I would like to go back, if I could, to a question which was asked in different ways by several members of the committee, but which troubles me just as well. I think it reaches really the fundamental question of priorities, the priorities that the President is going to place upon the questions which he faces in Vietnam and the other matters of great responsibility which he must discharge, and as to priorities which this committee and the Senate should place upon the resolutions which have been introduced by the Senator from Oregon, Senator Morse.

As you mentioned, the President has many priorities and all of us are completely sympathetic with the extraordinary demands upon his time. There are, as well, many matters which are before this committee—minimum wage legislation, the poverty program, the higher education, the elementary education—all of which we hope, as the session of the Congress becomes more in focus, demand action as well.

You talked to some extent about this problem, but the matter which concerns me, and I am trying to elicit information from you because the citizens in our part of the country, in New England, are deeply affected by this strike, is to try and determine from you, as I think we have to a significant extent this afternoon, as to really what degree of priority we, as the Congress and members of the committee, should place upon this, in light of the answer and responses that you have given to this question and others related to it by members mostly object the other side of the aisle.

Secretary WIRTZ. I would think in this form, Senator, that there would be top priority on your part, top priority on the administration's part, including every part of the administration. In terms of priorities, I don't think there is any question about it.

Senator KENNEDY of Massachusetts. I think more specifically—it has been asked by my colleague, Senator Pell, and other Members—I think the extraordinary power and prestige of the President, as he has demonstrated in the past in bringing the parties together, does demonstrate many of the points which you so effectively have articulated here this afternoon, the extraordinary disruptions that are occurring in many parts of our country.

Do you feel that it is of sufficient priority in that way that he should do this, and, if not, are we to suggest that in meeting our responsibilities in these other matters, minimum wage, education, many of the matters which you have appeared before this committee to testify about, should we displace the sense of urgency which exists in these areas to consider this problem?

Secretary WIRTZ. I want to be sure of the area we are talking about. I have not understood the questions so far, nor your question now, to go specifically and most directly into this matter of whether there should be legislation of a general nature for labor disputes. I will be glad to respond to that question, but I understand your question here to be in terms of whether there should be an additional degree of Presidential participation in this case, in the airlines case, before legislation, before the Congress gets into it.

Senator KENNEDY of Massachusetts. Not really, Mr. Secretary. We have to fill our responsibilities and make a determination, but I think it is somewhat revealing, certainly it is to me, to hear you, as a spokesman for the administration, demonstrating and speaking about the nature of the disruptions in this country. It isn't a question whether the President should act prior to the time we should act. I want to make that really quite clear. But it is a question of whether this is of sufficient gravity and emergency, even under the definitions of title 10 of the Railway Labor Act, disrupting a substantial service to a part of the country, that he feels, independent of this action, that he should enter it. You have presented a fine and articulated expression this afternoon.

Secretary WIRTZ. If there is a different question there than the one I answered before, Senator, I miss it. My answer would be that I want to separate entirely my own views from what might be his about it because I am just not in a position to do that, but to state without qualification my own view that this case, as far as the administration is concerned and has from the very beginning, received priority interest, not only a formal compliance with the law, but the setting up of a very special kind of board in this case, and the making by as strong a statement by the President in connection with this case as has been made in any wage or price case that has come along, the pressing on every front, except for one. That involves the question of whether the President of the United States should call into the White House the participants to a particular labor dispute. I believe that is the only remaining question. Every other form of priority I know about has been met. On that point my views are very clear. They are not views that would be wholly unprejudiced. I believe that there will be less labor disturbance in this country the smaller the number of cases that go to the White House.

Senator KENNEDY of Massachusetts. Just on this point, Mr. Secretary, the matter that we are considering before this committee is an extraordinarily unique procedure as well. This will be the second time. Only one other time has the Senate acted.

Secretary WIRTZ. That is right.

Senator KENNEDY of Massachusetts. You mentioned the fact of the responsibility of the President, who certainly does not want to have a series of these kinds of meetings utilizing his office, recognizing his other responsibilities. The question for us to determine is whether

there is sufficient gravity that he would extend that extraordinary procedure to this particular dispute.

Secretary WIRTZ. I don't believe I see the separate question again, Senator, and I am trying very hard to. The only question I see is a question as to whether the President's calling the parties to this case into the White House should be a condition of any of the rest of us doing anything further about it, but I guess that is not the question.

Senator KENNEDY of Massachusetts. That isn't.

Secretary WIRTZ. May I try to get the question again?

Senator KENNEDY of Massachusetts. It isn't a question whether the President should do that prior to the time we act. I, for one, would regard very significantly an action by the President in bringing into the White House the carriers and the machinists, and pointing out to them the points which you have demonstrated here today. That would suggest to me the enormity and the gravity of the situation, just by that action alone.

Lacking that kind of action, I think it would not be unreasonable for us to presume that the extent and nature of the disruption which has been perpetrated upon the economy would not be of sufficient gravity or alarm as to dictate those extraordinary remedies of action by the President. That is all I am saying, independent of our action.

Secretary WIRTZ. I understand it now and simply reach a contrary conclusion on both points, and particularly on the second one, as to whether there is any connection at all between the gravity or the importance which attaches to this case and the calling of the parties into the White House. That has had a symbolic effect, that concept of calling the parties into the White House has had a growing symbolic effect. I think it has worked both ways, as far as labor relations are concerned. I do understand your question.

We respectfully disagree that it would involve any suggestion of a lack of priority or attention.

Senator KENNEDY of Massachusetts. I have one final question, Mr. Secretary.

You mentioned earlier in response to a question that it would be helpful to bring, and I believe the thrust of your testimony is that it would be helpful to bring, the parties back to the woodshed, so to speak. I am wondering whether the parties, even if they go back to the woodshed, can really bargain collectively when actually they are bargaining in an atmosphere of recommendations that have been made that they must come out of this woodshed following wage-price guidelines, or very closely to them. What is concerning me, Mr. Secretary, is how can we expect the equities of a particular bargaining situation between union and management, in this case the carriers and the union, to be truly collective bargaining when they are being overseated by the national considerations of wage-price guidelines?

Secretary WIRTZ. Just as I had difficulty understanding your previous question, I understand this one perfectly. That is just exactly the problem that we have before us.

Senator KENNEDY of Massachusetts. So, in effect, if I could add what concerns me, it would appear, so to speak, Mr. Secretary, that that really is the nature of the problem that we are confronted with today, a much broader and more dramatic kind of problem which, in effect, substitutes the national considerations, and, in effect, governmental proclamations versus bargaining with the unions.

Secretary WIRTZ. Yes. The only qualifications of the "yes" is, when there is a suggestion of a settlement within the framework of the Presidential Board's recommendation, there is also a complete recognition that that is not an arbitration award. The parties have recognized that. That concept or framework gives some flexibility. The concept of the stabilization policy to which you referred is a less automatic one than is recognized. But I don't mean to diminish the only fair answer to your question.

The real stake in this case, and the real difficulty in this case, has related to its relationship to the matter of stabilization in this country, as well as the collective bargaining facts of a particular situation. There is a shorter answer to your question and that is "you are right."

Senator KENNEDY of Massachusetts. So actually, it really is almost the Government bargaining with the union?

Secretary WIRTZ. No. I think that substantially overstates it. I think it is both a question of collective bargaining and of recognition of the other.

Senator PELL. Mr. Chairman, may I make one comment?

As one member of this committee it would seem to be more extraordinary for the Congress to take legislative action at this time than it would be for the President to intervene. I still feel that way.

Senator CLARK. May I make one comment, Mr. Chairman?

The CHAIRMAN. Senator Clark.

Senator CLARK. I believe the legislative responsibility under the Constitution is vested in the Congress and not in the President. The legislature has a very real responsibility to initiate action in this regard. If the President can help, he will. If he feels he should not, that does not diminish our responsibility. I don't think we should pass the buck to the President.

Secretary WIRTZ. It is only respect for the committee that restrains me on this point. I will just say this much and no more, that in my judgment it is an intolerable view that the legislative process waits on the President calling the participants to a particular labor dispute into the White House, but I don't mean to overstep my bounds.

The CHAIRMAN. Senator Fannin.

Senator FANNIN. Mr. Secretary, you have been extremely helpful in clarifying some of the questions that have been before us. I would like to question you about one statement. I am very concerned about your prepared statement. It is item 6, when you say "I would sum up the situation this way," and your summation of this particular question is that the strike has not affected the defense or military effort materially.

Is it true that we cannot permit our military effort to be affected materially or otherwise?

Secretary WIRTZ. I will strike "materially," Senator. The only thing "materially" refers to is the items identified under the military program section. My answer to your question would be that that degree of inconvenience does not weigh heavily in the balance that you have before you.

Senator FANNIN. Isn't it true, Mr. Secretary, that it may be some time before we know whether or not we have shortages as a result of this strike?

Secretary WIRTZ. Military?

Senator FANNIN. Military.

Secretary WIRTZ. There won't be any.

Well, as a result of this strike there won't be any.

Senator FANNIN. Let me refer you to some telegrams that I have received from companies that are involved in the defense industry in the furnishing of component parts and equipment.

The first one is from the Sperry Phoenix, which is a division of Sperry-Rand. This was back on July 14. It says:

We wish to advise that the current airline strike is having an adverse effect upon our ability to meet critical needs for our products. Shipment of parts from many of our vendors must be routed over feeder airlines to reach our plants, causing delays in receipt. If the strike continues, the pile-up of materials in many cities without air service will reach serious proportions.

That was a telegram from just one company involved, but a very important one because they do manufacture critical equipment, scientific equipment, that is involved both in our space program and in our aircraft industry, and other critical programs of our defense efforts.

Secretary WIRTZ. I should not have said to you that there would not be any, because obviously anything that happens in the economy can affect it.

I can say to you this, that if there is any situation today in which there is any defense production or anything of that kind being held up as a consequence of this strike, the procedures have been established for meeting that situation.

Senator FANNIN. That telegram was sent to me on July 14.

Let me refer to a telegram sent to me yesterday, from the Motorola Co. It says:

Airline mechanics' strike is causing delivery delays and increased cost of equipment to defense agencies. Availability of American Airlines and use of company planes and use of rerouting have prevented major crisis. Incoming material delayed or lost. Difficulty of travel for engineering liaison and so forth requiring emergency actions with increased cost and accumulated delays.

That was just yesterday.

Another telegram that I received yesterday is from the Air Research Manufacturing Co. I think you are familiar with that company. They are large suppliers of aircraft equipment, specialized equipment, highly technical equipment. This reads, and I will read just part of it so it will not delay the meeting:

Airline strike has already caused us lost time and extra expense affecting our contribution to defense effort. Additional airline strike will make this much worse.

Today, from the Goodyear Aero Space Corp.—and understand these are all from Arizona concerns, so if you multiply that manifold, consider the industry nationally—it says:

Airline strike having serious effect on necessary business travel and delivery of needed materials for our defense programs. It is important to our phases of military business that immediate restitution of national commercial passenger and cargo transportation be effected.

It is signed by the Goodyear Aero Space Corp.

So I am vitally concerned, Mr. Secretary. I have other telegrams, but these are ones that I think indicate my points and prove what I have stated, that this has an effect that we may not realize to be as serious for some time.

Secretary WIRTZ. I omitted from my statement, for fear that it would be misunderstood, that there is more military cargo being carried since the strike started by aircraft than there was before. There are more military passengers being carried by aircraft than there were before. That is domestic and outbound.

I have no question in my mind but that any dislocation of the economy, any major dislocation, and this is a major dislocation, is going to affect some particular concern. There are 200 million of us, and it is bound to hit someplace. But the net figure on this is just frankly that more is being carried now than before.

Senator FANNIN. But, Mr. Secretary, percentages would not be of any consequence if some parts are not available for the construction of a particular piece of equipment. It still is critical.

Secretary WIRTZ. That is right.

Senator FANNIN. So evidently from these telegrams, wouldn't you recognize that these companies are top firms in this Nation, they are important firms in this Nation?

Secretary WIRTZ. Yes. I think it is very important. On the one of July 14, we should have heard about that. Maybe we did. We have insisted, just as strongly, and I think as effectively, as we can, and the union—and I am not making a defense of the union on this but I am simply stating a fact—has taken a position—and the carriers, all of them, in a remarkable display of which I am not proud—I don't mean to be misunderstood, I don't like a strike any more than anybody else—have worked out a procedure for meeting situations of that kind. If they exist in specific terms we should know about them and we would like very much to.

Senator FANNIN. Mr. Secretary, I don't want to be argumentative but I bring this to your attention because I think it is tremendously important and illustrates that we do have a great effect on delivery of materials that are important in the construction of items that are involved in our defense industry.

I would also like to call to your attention whether or not you are consistent when you state in your supplementary statement, in talking about what has happened, when you say on page 1, the second paragraph, the third sentence, "Collective bargaining has had a full chance to work." It has had a full chance to work.

Do you really mean it that way?

Secretary WIRTZ. Yes, I think it has had a full chance to work.

Senator FANNIN. Then why do you say in your summary:

I urge that free collective bargaining be given a last clear chance to work.

Secretary WIRTZ. I have had a full life so far, but I don't expect to quit, Senator.

Senator FANNIN. Well, I don't think that is relative.

Secretary WIRTZ. It is a matter of terminology. If I had to do it over again, I would state that differently in view of the misunderstanding. Please realize that this paragraph was written, Senator Fannin, in almost petulance about this thing.

Senator FANNIN. Of course, it was not just stated off the cuff, but it was written.

Secretary WIRTZ. I agree with you that this is not the best way of saying that collective bargaining has had a good chance so far and has fallen on its face, but there still ought to be some more. I appreciate the grammatical direction.

Senator FANNIN. Mr. Secretary, why I ask these questions is because I am vitally concerned regarding the furnishing of all equipment that can possibly be furnished to our armed services. It is essential that we not break down in any area of manufacturing; is that true?

Secretary WIRTZ. Yes, sir.

Senator FANNIN. So I bring this to your attention and I emphasize it because of its importance.

Would you explain why the negotiations were suspended? Can you give us an answer as to why the negotiations were suspended in the last day or two?

Secretary WIRTZ. They had gotten to be dragging pretty badly before that, so I don't mean to blame it on all of this. But at the point at which it was announced that there was to be a hearing of this kind, everybody wonders what is going to happen next. It is a perfectly natural kind of development. It was because nobody knew what the next thing would be. I think it was also because everybody was pretty tired anyway. We simply put it on a 30-minute notice.

I don't want to be misunderstood. I don't mean nobody has talked to anybody else in the last day and a half. There have been no normal bargaining sessions.

Senator FANNIN. I am wondering from the standpoint of the breakdown, whether or not you consider that the Congress could have more influence than the President in getting this strike settled. It seems that the administration is trying to switch responsibility to the Congress for action.

Secretary WIRTZ. It does not seem that way to me.

Senator FANNIN. To me it seems from the inactivity that has been involved in the executive department—

Secretary WIRTZ. Senator, I have spent 18 hours a day on this case, and Mr. Reynolds has spent 20 hours a day. Everybody with respect to whom there is the slightest promise of help here, has been going at this as hard as possible. We are back to the single turn on the phonograph.

Senator FANNIN. Maybe I should place it on the President, from the message that he delivered to us, that we would have recommendations, or whatever you might say, to consider, which we do not have. I would like to place it on that basis rather than to say that you have not done your part, because I know you have spent long hours in trying to get this settled. I am vitally concerned because it is not settled, and I just hope that the President is not trying to switch the responsibilities to the Congress.

Secretary WIRTZ. No. That question came up. I have inquired several times. If at any point there is a question which is directed not at this particular case but at that statement in the state of the Union message and the economic message, I would have other comments on that.

Senator FANNIN. Here is one reason that I am vitally concerned. Every price increase of a major industry, or almost everyone in recent months and in the past year, has gone to the White House, directly or indirectly. In other words, the President has taken an active part in seeing that something happened. Whether he did it directly or indirectly is not of consequence. It was made an issue. I just wonder why the wage increase that is involved here has not been made an issue by the President.

Secretary WIRTZ. What you have just said is contrary to every fact I know.

Senator FANNIN. Would you explain that to me?

Secretary WIRTZ. There has been the fullest interest in this situation. So far all the discussion has involved the matter of whether the parties should be called in to the White House. But I don't conclude from that that the President manifested no interest in this.

Senator FANNIN. You have not seen the National Guard take over the airlines transportation program, but you did see a threat by the President that there would be a disposal of surplus commodities when price increases were placed into effect by industry.

Secretary WIRTZ. Senator Fannin, the illusion in this country that less has been done to keep down wages than to keep down prices is a cross-eyed bear or a cocklebur that has been under my saddle all the time. Let me tell you some of the things that have been done. The 3.2 has been written in the books, and it was cut down from 3.6. It has been forced on every point. Per unit labor costs in this country are less today than they were 3 years ago. That is how effective we have been. But prices have gone up way beyond what they ought to have.

Senator FANNIN. I don't want to argue about that, because I could bring up the New Jersey operating engineers, who went up 8 to 9 percent.

Secretary WIRTZ. No, they did not. I arbitrated that case within the last month and it was settled on an entirely different basis, by virtue of the agreement of the parties. Unfortunately no attention was paid to it. That agreement was set aside by the parties voluntarily and brought down within the stabilization lines.

Senator FANNIN. Let's take this, then, the New York City transit strike, four and a half to 4.6; is that correct?

Secretary WIRTZ. I think that is about right.

On that, on that particular case, at a press conference the day or two before the strike—well, there is no point going into that, Senator. It did not work out very well. But if the question is whether we tried to get that one down within the limits, the answer is just plain "Yes."

Senator FANNIN. Mr. Secretary, the reason I made that statement is because you came back with a statement of what you had done and what had been done by the administration. I perhaps should not have gotten into the field.

Secretary WIRTZ. Let me simply leave it on the basis I should have indicated before, that I have a very great interest in trying to keep this one in line.

Senator FANNIN. Thank you.

The CHAIRMAN. Senator Williams.

Senator WILLIAMS. Mr. Secretary, we are all fully aware of the awesome persuasiveness of the Presidential office. We are facing a serious strike. You have spelled out the economic consequences, you have spelled out the inconvenience. We are persuaded that in a national security sense we are not being affected.

I made an informal poll and most of us have been flying and a good part of the country is still flying.

Here is part of an industry that has been struck. Has the Presidential persuasiveness in a formal sense been used short of what might

well be described as almost an industrywide work stoppage or threatened stoppage?

Secretary WIRTZ. That is an interesting question that I had not thought of. It was used in the railroad case and it was used in the steel case. So the answer to your question is that it has not been used before in a situation of this kind. I appreciate your raising the question.

I have been a little restrained in my answer because any answer along that line from me might tend to suggest a minimizing of the importance of this case, and I don't mean to do that. But your point is very, very solidly taken.

The CHAIRMAN. Senator Nelson.

Senator NELSON. Mr. Secretary, any time the Government intervenes in the relationship between the employer and employees I think it is a very serious matter. Also, I think it is an exceptional case when the Government does intervene. Every time a strike occurs, as you well know, there are complaints locally or nationally, demanding that something be done—that a law be passed. The fact of the matter is that we have a collective bargaining relationship in this country, the freest one in the world, between the employer and the employee. I think the thing that ought to be kept foremost in our mind is that it is the best employer-employee relationship of any country that I know of, anywhere in the world.

The more intervention by the Government, the more you reduce viability of the relationship between a free labor movement and a free enterprise movement. The more you interject the Government and reach settlements by compulsory arbitration, the more you take freedom away from the employers, and freedom away from the employees.

I would hope, in view of your testimony, that the committee would accept the suggestion you made. I certainly would hope that you may be able to return in a reasonable length of time with a good progress report or a settlement. But if that is not possible and Congress is compelled at some stage because of the gravity of the situation that may develop, then I think Congress may also, in drafting a bill or a resolution, may also want to make some judgment on the merits. It would be helpful to me, at least, and Senator Yarborough raised the question peripherally a while back, if you could submit to us the comparative wage rates that are being paid for comparable jobs in other industries in other parts of the country, plus a presentation to the committee of the profit structure and profits now being made by the airplane industry so that if we do have to make judgment, that judgment will be, to some extent, affected by the merits of the dispute. I would like to know what the merits of that dispute are. Could your department supply that?

Secretary WIRTZ. Yes, sir; recognizing only the fact that the Chairman of the Presidential Emergency Board would be in the fullest possession of that information of anybody I know. But we would be glad to make it available.

The CHAIRMAN. Senator Griffin.

Senator GRIFFIN. Mr. Secretary, as I understand your testimony, you recommend that we not approve or adopt Senate Joint Resolution 182 or Senate Joint Resolution 181, or any of the other resolutions pending before the committee, and that we do nothing other than

urge the parties to resume negotiation and invite you to come back at some early date to make a report. Is that correct?

Secretary WIRTZ. That would not be the way I would summarize the statement, though we are talking about the same thing.

Senator GRIFFIN. You also say at the same time that we should not delay any action or wait for the President to take any further action before we move as a Congress to fulfill our legislative responsibility.

Do you believe that the Railway Labor Act, insofar as it provides machinery for dealing with nationwide strikes, is adequate in the form that it is today? I ask the question because you said earlier that if you were called upon to proposed legislation in this field you would propose legislation along the lines of the present Railway Labor Act.

Secretary WIRTZ. I am sure that your question is limited to the emergency dispute provisions. My answer would be "Yes."

Senator GRIFFIN. That it essentially is adequate?

Secretary WIRTZ. Yes, sir. And probably the thing to do is to have that kind of legislation, and figure that once in a while we will have to go through the agonies of special consideration when a problem of this kind arises. But it includes the factfinding with recommendations. It includes those features. I would not be inclined to change it much.

Senator GRIFFIN. What did the President have in mind in his State of the Union message and his economic message, which I would have thought would have been delivered after consultation with you, when he said that he would recommend changes and improvements in this part of our legislative machinery?

Secretary WIRTZ. You understand I am not answering the question in the form of what the President had in mind. This is, again, back to something that has not quite come up before. As far as my own position on the emergency disputes legislation, I think there are some very definite changes that ought to be made in the Taft-Hartley Act. My answer to your question would be in that area. I would think those changes, if it were mine, and it isn't or has not so far been, I would think would be along the lines of the Railway Labor Act, but with some additional features. I believe that the best set of suggestions that were made, were made by the President's tripartite labor-management advisory board in 1961. There are some other changes.

I still hope we will get around to doing something. We have quite a glut of labor problems before the Congress right now as a practical matter, but I don't mean to rule out the possibility that we may be talking about that.

My short answer to your question, Senator, would be that the suggestions that I would personally have in mind for presentation would be changes principally in the Taft-Hartley Act, to some extent along the lines which at one point Senator Taft suggested, and some other proposals that have been made. There would be the special problem of what to do, if anything, about local, State and local, employees. The State of the Union message had a relationship in timing to the transit case in New York, and problems of that kind.

Senator GRIFFIN. Most of the serious nationwide strikes that people have been concerned about in recent times have been in industries under the Railway Labor Act. Hasn't that been the case?

Secretary WIRTZ. Yes; mostly transportation and communication. Because of the vagaries of the law, some of those have been under the Railway Labor Act; namely, the airlines and the railroads, and others, and, particularly, the longshore cases have not come up under that act, but, rather, under the Taft-Hartley Act. So they have cut across both lines.

I am sure that at some point we will have to face up to the question of why most of our trouble is in the fields, or at least the most serious trouble, in the fields of transportation and communication, and really transportation. I don't think it just happens that way. I think there are specific factors. I am not sure that at the end of a complete debate, I would take the position that the Railway Labor Act was the most perfect of all instruments.

I really answered your question on the points that I thought you had in mind because the kind of suggestion we would be making generally today is incorporated in the Railway Labor Act. There was a recommendation.

Senator GRIFFIN. Can you give us any indication as the Secretary of Labor as to when we might expect some recommendation from the administration for revision of our labor-management laws dealing with nationwide strikes?

Secretary WIRTZ. I can't, but I can tell you why I can't. That has been a matter on which I have assumed a good deal of personal responsibility. It has been a matter of trying to identify the best working relationship between this legislation and the other.

There is presently before the Congress now the minimum wage, the unemployment insurance, the employment service bill, the situs picketing bill. There are a number of matters.

At the present moment, it would be my own judgment that it would be a mistake to introduce this whole broad subject at this point.

Senator GRIFFIN. Indicating, as the Senator from Massachusetts suggested, that this does not have a very high priority, then, with the administration.

Secretary WIRTZ. But I think his question was about this case. I was distinguishing.

Senator GRIFFIN. This case is certainly related to the question of the adequacy of our labor-management laws as they provide machinery to deal with nationwide strikes.

Secretary WIRTZ. I think I would separate out the two.

Senator GRIFFIN. Thank you, Mr. Chairman.

The CHAIRMAN. Senator Kennedy.

Senator KENNEDY of New York. Is there any legislation that you would be suggesting that would deal with these kinds of problems, or this particular kind of problem, if we don't pass this legislation or recommend this legislation to the U.S. Senate as suggested by Senator Morse? Is there any more permanent machinery that you would suggest to deal with these kinds of problems?

Secretary WIRTZ. As of this time? I think there should be very significant improvements made in the Taft-Hartley Act.

Senator KENNEDY of New York. For instance, what legislation would you suggest, what particular legislation, which would deal with the kinds of problems we are discussing here today?

Secretary WIRTZ. I would have thought that the key, I do think, to that legislation for an improvement in the emergency disputes legis-

lation is what we would refer to as a beefing up of the mediation process so that that becomes in the extraordinary case the subject of a good deal stronger mediation attention, plus factfinding with recommendations.

Senator KENNEDY of New York. Plus factfinding?

Secretary WIRTZ. Yes, and recommendations.

The recommendations of that tripartite committee in 1961, set up by President Kennedy and reporting to him in 1962, was for a procedure where, upon the declaration of a national emergency, there would be established a blue ribbon mediation panel before the case had gotten as extreme as some of these do, and there would be an attempt in that kind of blue ribbon mediation. If that wasn't successful, then that panel would recommend whatever the next step ought to be.

In sort of practical terms, it was assumed that the recommendation might well be arbitration. If it was, the company that refused to get off the spot, it might very well be seizure—no; the other way around, compulsory arbitration with the union, or seizure if it had been the company.

Senator KENNEDY of New York. What would be different if that kind of legislation that you suggest were in effect now?

Secretary WIRTZ. It would not be different as to the key question of binding terminal settlement, and it would not be basically different from the Railway Labor Act procedures, which here have not worked so well.

Senator KENNEDY of New York. Summarizing again, and I don't want to summarize incorrectly, I gather the administration is opposed to this legislation we are considering dealing with this particular problem, and I gather also that there are no suggestions that the administration has at the present time to deal with these problems in a more general sense, but which would deal with this particular situation?

Secretary WIRTZ. Honesty would require my making exactly the same answer on this side of the room as I made on the other. I think that is not the way I would summarize this situation. It would rather be that there not be action along the lines proposed here, either affirmatively or negatively.

Senator KENNEDY of New York. Mr. Secretary, you would be opposed to this legislation, then?

Secretary WIRTZ. No, I don't believe that. I would say—did you say at this moment?

Senator KENNEDY of New York. Yes.

Secretary WIRTZ. I would not be in favor of moving on this legislation.

Senator KENNEDY of New York. You would be opposed to this legislation?

Secretary WIRTZ. I wouldn't put it that way. If it is a matter of recommendation, my recommendation would be that this legislation not be acted on one way or another prior to the testing out of this other approach. That would be for one way or the other on this legislation at this point.

Senator CLARK. I suggest, Mr. Secretary, in all good humor that your instructions are to pass the buck to this committee. I would like for you to comment on it.

Secretary WIRTZ. I don't understand the question, Senator.

Senator CLARK. Your instructions with respect to legislation dealing with the airline strike are to pass the buck to this committee.

Secretary WIRTZ. Is that a question?

Senator CLARK. It is a comment.

Secretary WIRTZ. I will be glad to handle it, Mr. Chairman, either way. As a comment, I respect it. As a question I would answer it.

Senator CLARK. Please feel free to say something or say nothing.

Secretary WIRTZ. Then my answer would be that it comes at a strange point after the discussion of the relationship between legislation and calling parties into the White House to raise a matter of passing the buck.

My second point would be that there are no instructions whatsoever.

My third point would be that I have never in the past and will never in the future give this committee anything except what I think honestly is the most constructive advice, and my own constructive reaction to it is that the best thing to do at this point is to give what I have called collective bargaining a last free chance.

But let there be no question on the passing of the buck. Let me remove from the record, if I may, my reference to previous discussions this afternoon which seemed to me to involve the passing of the buck, because I am out of order on that.

The answer is no passing the buck. I think the best thing to do on this case is for the public to express itself through this committee and the Department of Labor to these parties that they ought to settle this case and they ought to settle it responsibly.

Senator CLARK. I appreciate your candor, and I think you know my views are not in accord with those of some of my colleagues. I don't have any objection to your passing the buck.

Senator KENNEDY of New York. I can understand for purposes of policy questions that there would be an argument against the President involving himself in every labor dispute. I can understand for policy reasons, reasons known to you and those involved in the bargaining, that it would be not in the interests of the United States for the President at this particular moment to call the parties in.

It seems to me, however, from your statement and from the information that is available to us as U.S. Senators and available to the general public that this is a very serious matter. I gathered from the answer that you made on two different occasions that the basic reason that the President has not brought the parties in has not been on the question of policy, but the fact that he is so busy in Vietnam that he hasn't time to do that. I didn't know really whether you would want to leave the committee with that impression or leave the public with that impression.

Secretary WIRTZ. I can't tell you what I leave the committee with.

Senator KENNEDY of New York. Well, is that correct?

Secretary WIRTZ. No, not at all. What I expressed, and repeatedly, Senator Kennedy, was the distinction between my own position, which I feel free to express without reservation, and any comment which might be construed, even, as expressing the President's position.

On this, if there is an assumption that identifies my position with his on that, that is unavoidable in the relationships of the offices. But I say to you as plainly as I can, I would, as Secretary of Labor,

recommend to the President that he not call the parties in this case into his office.

I would recommend it for a combination of reasons, only some of which would include the appreciation of the gravity of the other affairs that he has before him.

From the standpoint of labor relations alone, in general terms, I would recommend against his calling the parties into his office.

Third and finally, from the standpoint of settling this case on the basis—I don't mean just settling it, but settling it on the right basis—I would make the same recommendations. So it would not be because of priorities.

Senator KENNEDY of New York. I think it well that you clarified it. I think this matter is of such grave importance across the country, and I think everybody understands President Johnson's involvement in Vietnam and his concern about that, but this is a domestic matter that has tremendous impact. To have it left that he didn't feel or you didn't feel that there was evidence of it having sufficient impact that the President should be bothered is not the right thing.

Secretary WIRTZ. I appreciate that. It is a matter of collective bargaining and settling of this particular case. I am grateful for the opportunity to clean up that impression.

Senator NELSON. I take it that the recommendation that you have made to the committee that we allow the free process of collective bargaining continue for a time does have the approval of the President?

Secretary WIRTZ. I don't mean to fence around at all. I testify for the administration and would appreciate not being pressed in specific terms beyond that.

Senator KENNEDY of New York. When you give these answers, you are speaking for the administration?

Secretary WIRTZ. That is correct.

Senator KENNEDY of New York. Can I finish up with one final question? At the time you suggested in answer to Senator Randolph that you might come back in on Friday, in addition to giving a report to the committee as to what success or lack of success the bargaining is having at that juncture, or would it also be appropriate for you to give a recommendation to the committee at that time as well as to whether you would support the passage of this legislation at that time?

Secretary WIRTZ. I would rather leave it indefinite for the reason I suggested before, both as to the time and as to what is done at that point.

Senator KENNEDY of New York. Could I interrupt? I think the committee is considering this matter and as you described it as more grave and getting more grave periodically, with nobody in a better position to know what the national interest is in this matter than the administration, the administration has the feeling across the country and the impact across the country, if this legislation is warranted and necessary, in the national interest, as this is the legislation being considered, I think it is really essential if we are going to put off action for another few days that the administration should come in and advise against the passage of this legislation, and if they do that, advise whether other legislation would be necessary or helpful, or as a third alternative just to continue to bargain.

Secretary WIRTZ. That seems to me entirely reasonable. I do point out that the request today was specifically in terms of the impact question, the request made to us.

Senator KENNEDY of New York. Obviously it is deeper.

Secretary WIRTZ. Yes.

Senator JAVITS. Do you think it would be appropriate for us to ask management and union representatives who are here to press forward with bargaining sessions? I feel concerned as a Senator that bargaining is called off, even because of this hearing, and I would hope very much, Mr. Secretary, that you would fortify us in this, whatever we do, whether we give you time, whether we spend the next day or two writing legislation, that bargaining ought to continue, it should not stop. Would you agree with that?

Secretary WIRTZ. Yes, sir.

Senator JAVITS. You answered a question to the newspapers which is in quotes. This, by Senator Mansfield, about the President's intercession in this matter, is in the paper.

This is what he said, and I am sure you read this in the press:

I think I can speak for the President of the United States that if there was a possibility, the slightest possibility, of reaching agreement on the pending strike by calling the parties to the White House, he would do so.

Is that what you are telling us, that the President is not calling the parties to the White House because there is not the slightest possibility of reaching agreement?

Secretary WIRTZ. No, sir.

Senator JAVITS. What are you telling us?

Secretary WIRTZ. Senator Kennedy's question permitted me to make this observation, Senator Javits: I find three sets of reasons for not following that course. One involves a comparison of this matter with the other matters which the President has before him. The second one involves the health of collective bargaining, and of the mediation process in general, and the third involves this particular case.

If I were convinced that there would be a settlement of this case by the fact of somebody being called to the White House, I suspect the other two would be pretty hard for me to think very much about, and I suspect that is what Senator Mansfield was saying.

But there are three reasons, and they are related, but they are separate.

Senator JAVITS. I think he made it stronger than that. He said:

I think I can speak for the President of the United States.

And he thereupon made the statement. Knowing Senator Mansfield as I do, and I think as all Senators do, we think that is pretty good authority.

Secretary WIRTZ. So do I.

The CHAIRMAN. Mr. Secretary, we want to thank you.

Senator MORSE.

Senator MORSE. Before Secretary Wirtz and Secretary Reynolds leave the room, Mr. Chairman, I want this record to show that from my own personal knowledge I do not know of two men who have done more to carry out the position of Secretary of Labor and Assistant Secretary of Labor, and their responsibilities to the President of the United States.

No one could possibly have done more than you two gentlemen have done in trying to reach a settlement in this case. Seldom have I seen such devotion and dedicated service as you men have rendered. I want this record to show that. You have your responsibilities to the administration, and as a Senator I have my responsibilities as a Senator to the people of my State and to the Nation.

I want to say that as a witness I want the record to show that I shall advocate the passage of legislation along the lines I have introduced because of the great respect I have for the presentation made this afternoon.

In my judgment there is no question about the fact that there is a national emergency under the terms of the Railway Labor Act which makes it the clear-cut duty for this Congress to act forthwith and not wait for any instructions from the administration. I think the American people are entitled to have this Congress act. I propose to do all within my senatorial power to give my colleagues in the Senate an opportunity to render a decision on whether they want to act or do not want to act.

But I happen to think that the emergency involves the question as to whether or not we are going to protect the value of the dollar to the American people, which is just as important to the workers in this industry as to all other people in this country. We are not going to do it, in my judgment, by the procedure you have outlined this afternoon, because I think the odds are all against you. I think you are going to put the carriers in the position where you will find concessions being made in order to get this behind them and in order to avoid legislation that will break the anti-inflation barrier, and will, in my judgment, do irreparable harm to the economy of this country.

I think that is now for the Congress to wrestle out, and let the Members of Congress render the verdict they wish to render on the facts presented.

Senator JAVITS. Mr. Chairman, may I say in connection with that same point, first, that I, too, express I think all of our thanks and the thanks of the Nation to these two dedicated servants in the job they have, doing it with their very best conscience. May I say on the fundamental issue that I think the Congress has to deal with these bills. I don't think we can just stand off and say, "Well, we will get a report." I think we have to deal with these bills.

Legislation doesn't happen overnight anyhow, so I don't want to add to the time which must necessarily be taken in writing it. Therefore, I, too, with Senator Morse, will be in favor of proceeding to write it.

I express the hope as one Senator, and I think that is voiced in many quarters here, that collective bargaining may nonetheless continue. I would be delighted if, before we report out a bill, even if that is tomorrow morning, we can have word that this matter is settled by the processes of bargaining in which both the Secretaries have participated. Thank you.

The CHAIRMAN. We certainly want to thank you gentlemen very much. You have made a very able presentation, Secretary Wirtz. We are grateful to you.

We are grateful to you, too, Secretary Reynolds.  
Secretary WIRTZ. Thank you.

The CHAIRMAN. The next witness will be the chairman of the carriers negotiating committee, Mr. William J. Curtin.

Mr. Curtin, we appreciate your presence. We will be happy to have you address yourself to the question of the national emergency, as to what action should be taken.

There are the two resolutions now pending before the committee, as you know.

**STATEMENT OF WILLIAM J. CURTIN, CHAIRMAN OF THE FIVE AIRLINE CARRIERS NEGOTIATING COMMITTEE; ACCOMPANIED BY RICHARD C. HOTVEDT, ATTORNEY AT LAW, WASHINGTON, D.C.**

Mr. CURTIN. We understand that our time for presentation is limited to 30 minutes, and in that respect we have prepared a brief written statement for submission to the committee.

We appreciate the opportunity to tell the Senate Labor Committee just how seriously essential national transportation services have been disrupted.

There are many bills before this body, all dealing in one form or another with curing the disruption of transportation. In itself, this broad and vigorous congressional expression is a measure of the crisis.

The several bills before the committee prescribe only slightly varying standards for Government intervention. After reviewing the excerpted language of the bills and the facts of this crisis, we believe that the committee should agree that, by any and every standard so far suggested, this is a crisis worthy of prompt resolution, even if it takes extraordinary means.

In the past when the Congress and the courts have considered extraordinary action to prevent harm to the national interest, by disruption of essential transportation services, they have considered the record of economic injury occurring to the public. It is just such an inquiry and record which led the Congress in 1963 to follow the suggestion of the late President Kennedy to prevent a crisis in the railway labor dispute. As the author of Senate Joint Resolution No. 181 said yesterday in the Senate: "The Nation's welfare is inseparably bound up with its economic health." The current dispute is serious enough to satisfy the standard for Government intervention posed by any of the bills being considered.

It is noteworthy that the Railway Labor Act itself provides for the creation of an "emergency board" whenever there is a dispute which threatens "substantially to interrupt interstate commerce to a degree so as to deprive any section of the country of essential transportation."

Significantly, when the National Mediation Board recommended and President Johnson created Presidential Emergency Board No. 166, they declared through Executive Order 11276 that the dispute threatened "substantially to interrupt interstate commerce to a degree such as to deprive the country of essential transportation service." Clearly, from the very outset of this dispute, it has been recognized that it is not a local or regional problem, but it is a national problem affecting the essential transportation services of the country as a whole. On June 7, President Johnson stated that this strike would "cripple the vital flow of people and products across America."

Not only have the National Mediation Board and the President spoken forcefully upon the disruption of essential national transportation services caused by this dispute, but the Civil Aeronautics Board has also come to this conclusion. On July 9, 1966, in order E-23926, the Civil Aeronautics Board recognized that because there was little airline capacity not already being used, it (the CAB) could take action which could "have only a negligible effect" upon the dispute. The Civil Aeronautics Board nevertheless saw that the strike required extraordinary measures and granted emergency authority in an attempt to alleviate some of the public's suffering which occurred as 61 percent of its domestic trunk service was removed by the strike. The CAB said:

This strike has created an emergency situation of major proportions. The five trunkline carriers handle well over one half of the Nation's domestic passenger traffic—approximately 85,000,000 passengers during 1965—and collectively they serve over 230 important cities, over 70 of which are left completely without trunkline service as a result of this strike. Manifestly, a shutdown of service of this magnitude will work substantial hardship on the public. Also, as the President has stated, the work stoppage could bring a disruption of the movement of "men and materials needed to support our commitments to freedom's cause throughout the world." \* \* \*

Congressional leaders have forthrightly protested disruption of our essential transportation network. Among the first to speak out was Senator Monroney, chairman of the Aviation Subcommittee, who said:

Our Nation is dependent upon air transportation for the movement of goods and people. A prolonged strike would weaken our economy and jeopardize our defense effort in Vietnam.

Very recently, Senator Tydings stated:

This strike amounts to nothing less than a national disaster for our economy and for tens of thousands of workers and their employers.

As many as 30 Senators have publicly expressed themselves in the Congressional Record on the damage to the public interest caused by this disruption of essential transportation services. See appendix A.

The administration has testified as to how the elimination of airline service has affected defense transportation, delivery of the mails, wages and earning opportunities for millions of citizens, and has caused a general disruption of the business planning of our national community. That essential national transportation services have been disrupted is also evident from the thousands of pleas and protests we have received from private citizens who cannot fulfill their business and personal travel plans. In a nation where effective regulation has made air transportation a commonplace necessity, rather than a luxury, the public interest is grievously harmed by the loss of most of its air service. We are a nation on the move. Swift, timely movement of passengers and materials is essential to the national interest.

As the concern of many Congressmen, the National Mediation Board, the Civil Aeronautics Board and of this Senate committee shows, the domestic trunk air transport industry is an essential element in our national transportation structure. By any standard of measure, the five struck carriers make up more than 61 percent of that industry. The strike which cripples us cripples the Nation's essential transportation services.

Some indication of the country's dependence upon these services can be obtained from a brief review of the economic facts. For ex-

ample, in 1965 these five carriers alone performed more than 30 billion revenue passenger miles. They served a combined total of 231 cities. They operated in the largest and most important airline markets in the country.

In many of the airline markets the carriers in this group provided the only air services available. For example, between Seattle and Portland and such important cities as the Twin Cities, Milwaukee, Chicago, Detroit, New York, and Washington there are no regular through services. In the New York-Miami and Chicago-Miami as well as other important Florida markets, at least two-thirds of the service was provided by one or more of these carriers. On the transcontinental routes, two-thirds of the service between the principal eastern cities and Los Angeles and San Francisco was operated by the struck carriers. In the Northeast corridor, the shutdown of operations by Eastern has affected approximately 85 percent of the traffic moving between Boston, New York, and Washington. Similarly, termination of these carriers' services has removed the only regular air service between Huntsville and Cape Kennedy.

The Civil Aeronautics Board only this week tried to alleviate the traffic jam of defense, space and technical travelers between Washington, D.C., and Huntsville, Ala., by asking a local service carrier to try to fly its equipment over this long route. This stopgap effort was done at the request of NASA. There are now 68 cities in the United States without trunkline service, including 5 State capitols. Included are such important cities as Akron, Allentown, Harrisburg, Lansing, Lincoln, Madison, Milwaukee, Moline, Norfolk, Richmond, Spokane, and Youngstown. In addition, there are more than 25 cities deprived of all their air transportation.

A survey of the 100 top markets in the country shows that 65 of them have lost between 50 and 100 percent of their air transportation service. Among the major cities most severely damaged are Tallahassee, Florida State capital, which has no air service; Mobile, Ala., which has lost 98 percent of its trunkline service; Flint, Mich., which has lost 91 percent of its service; and Baltimore, Pittsburgh, Richmond, and Toledo all of which have lost more than 80 percent of their trunkline service. Some 87 cities have been deprived of 50 percent or more of their normal air transportation service.

Due to this strike, it is now impossible to obtain scheduled direct air service between Chicago and Philadelphia, between Minneapolis and New York, between Chicago and Seattle, between Baltimore and Chicago, between Washington and Detroit, between Philadelphia and Detroit, and between New York and Milwaukee.

Shortly before this strike began, the average daily number of passengers being carried by these 5 carriers was in excess of 150,000 persons per day.

The committee should know that these carriers provide several kinds of transportation services for the Department of Defense and military men. We normally provide regular military air transport service flights and charter flights all over the country and the world for the movement of servicemen under orders. While some of these flights have continued, supported by a patchwork of emergency arrangements for maintenance by workers and supervisors, there is no telling how long such efforts can be efficiently and safely continued so that the De-

partment of Defense can rely to a certainty on this mode of transportation as it has in the past.

In addition, these five carriers provide travel facilities for off-duty servicemen so that they may efficiently use their off-duty time for home visits. In the strictly limited leave time available to these servicemen, they have come to depend on this service and now are relegated to days of waiting in air terminals hoping for a vacant seat on the limited facilities still operating. In the most recently recorded 12-month period, these 5 carriers transported 2,566,425 servicemen on this basis. That means that more than 7,000 servicemen per day or a total of more than 140,000 since the strike began have not had this low-cost dependable service available to them for use of their furloughs.

The economic impact on this vital industry is staggering. These five carriers fly almost \$2 billion worth of aircraft and have made firm contractual commitments to double that amount over the next 5-year period. Such growth, which is in the interest of the national economy, is being financed by private capital, flowing from or dependent upon continued earnings potential. The carriers have consistently returned better than 85 percent of their net profits to this kind of investment in progress rather than disbursing it in dividends to the shareholders. We are not arguing the equities of this labor dispute by mentioning these facts. Rather, we are stressing that this industry, of which these carriers constitute the major portion, has become an essential component in our dynamic economy. If it cannot continue to finance the existing equipment and grow with the future national needs, these vital transportation services are either to go unperformed or the Federal Government will fall heir to the responsibility for this enormous transportation system. Such a shift from private to public responsibility for our transportation system should be abhorred by all, including the International Association of Machinists.

Since this strike began, the five carriers have suffered revenue losses of more than \$144 million. The strike has compelled the carriers to lay off as many other employees—union and nonunion—as the union called on strike. The wages lost by these employees amounts to about \$2 million every day. These are dollars which are not now flowing through the economy. In addition, in all of the 231 cities these carriers serve, industries and people whose services are closely tied to the air transport industry are severely hurt. Among these are fuel and food suppliers, ground transportation systems, and other airport service facilities. The loss of revenues to the cities we serve is serious. Every report from cities like Miami, Chicago, San Francisco, Los Angeles, New York, and Minneapolis-St. Paul tells of daily six-figure losses and greater to businesses related to our transportation system.

The economic loss does not only hit at the private economy; it also hits the treasuries of Federal, State, and local governments, because the parties, if working, would be yielding approximately \$1¾ million daily in tax revenues to the various levels of government.

Not only do people travel on airplanes but cargo does, too—a variety of important cargo. The main items in air cargo are either small, high-priced, usually precision components or highly perishable items. These are being severely hurt because there is insufficient capacity

among the other carriers. The five struck airlines last year carried more than 525 million cargo ton-miles. Among the industries most affected by the almost total absence of useful shipping facilities are industries moving perishable commodities to market. In some regions of the country where growers, processors, manufacturers, and fishermen have specialized in such perishable commodities, the impact is particularly cruel. As just a small indication of this impact, the flower growers in northern California are losing more than \$1 million a week and are simply unable to bring their completely perishable commodities to market.

Another barometer of public concern is the overwhelming editorial comment from newspapers around the country calling for restoration of vital transportation services. This testimony, much of which has been reprinted in the Congressional Record, thanks to the efforts of concerned Senators and Representatives, testified to irreparable damage being caused throughout the Nation.

The disruption of passenger and freight service on these carriers flying overseas routes causes yet another danger to the national interest; namely, a sharp worsening in the already serious balance-of-payments problem. As travelers find themselves unable to fly U.S.-flag carriers such as TWA and Northwest, they are turning to foreign carriers in steadily increasing numbers. We conservatively estimate \$1 million a day is being diverted to foreign-flag carriers.

Under the severe pressure of time, we have prepared and presented this brief statement to assist the committee in its determination of the necessity for legislation. We have strictly avoided discussing the things about which the IAM and the carriers have been bargaining. Only because it is relevant to whether emergency measures are needed, we cite the statements of Department of Labor mediators that the Railway Labor Act procedures have been exhausted, that extraordinary mediation efforts have failed and that the parties are tens of millions of dollars apart on contract terms with no prospect of a non-inflationary settlement seen at this time.

We have shown the committee that the President, the National Mediation Board, the Civil Aeronautics Board and scores of Senators recognized this dispute would be a crisis in essential transportation services before it began, and their dire warnings have been borne out. We have shown briefly how community after community has been choked off from the air transportation it has come to depend upon. The stoppage has imperiled the entire financial structure of the majority of the Nation's air industry, thus endangering not only investor confidence now but also the ability of this industry to expand and renovate as America grows in the future.

We have shown how the economic blights has spread from the immediate losses connected with the carriers' shutdown outward in ever-expanding rings. We have shown how the loss of travelers to foreign competitors has sent millions of irretrievable dollars out of the country at the very moment when the administration is struggling to restore an imbalance in that flow. Air transportation is an essential element in this Nation's economy and defense effort. The elimination of more than 60 percent of that capacity, if allowed to continue for more than the briefest period, is more than a crisis, it is a constantly compounding disaster which is only ignored by those persons who would seek to use this crisis as a lever for the achievement of their own ends.

(The attachments follow:)

## LIST OF CONGRESSMEN WHOSE REMARKS RELATING TO THE AIRLINE STRIKE HAVE APPEARED IN THE CONGRESSIONAL RECORD

- |                              |                          |
|------------------------------|--------------------------|
| 1. Tydings (Maryland)        | 17. Javits (New York)    |
| 2. Kuchel (California)       | 18. Williams (Delaware)  |
| 3. Cannon (Nevada)           | 19. Symington (Missouri) |
| 4. Fong (Hawaii)             | 20. Church (Idaho)       |
| 5. Hickenlooper (Iowa)       | 21. Cooper (Kentucky)    |
| 6. Lausche (Ohio)            | 22. Bayh (Indiana)       |
| 7. Mansfield (Montana)       | 23. Allott (Colorado)    |
| 8. Morse (Oregon)            | 24. Brewster (Maryland)  |
| 9. Pastore (Rhode Island)    | 25. Dirksen (Illinois)   |
| 10. Robertson (Virginia)     | 26. Miller (Iowa)        |
| 11. Smathers (Florida)       | 27. Dominick (Colorado)  |
| 12. Holland (Florida)        | 28. Gruening (Alaska)    |
| 13. Randolph (West Virginia) | 29. Mundt (South Dakota) |
| 14. Bartlett (Alaska)        | 30. Bennett (Utah)       |
| 15. Tower (Texas)            | 31. Griffin (Michigan)   |
| 16. Byrd (West Virginia)     | 32. Carlson (Kansas)     |

## APPENDIX

Some of the expressions of concern over the airlines strike which have been introduced by United States Senators into the *Congressional Record* in recent weeks are listed below:

Mr. Bennett: "The speedy flow of mail has been checked, faltering air shipments have slowed down production lines and innumerable travel plants have been changed or cancelled. \* \* \* And now, at the peak of the tourist season, millions of dollars are being lost by the tourist industry in my State and the West because of this deadlocked strike." *Cong. Rec.* 15995-96.

Mr. Tydings: "The strike of 35,000 airline employees has grounded the planes which daily carry more than 150,000 passengers to 231 cities and 23 foreign countries. The five struck airlines fly 61.5% of all U.S. passenger miles, carry 70% of all America's airfreight. \* \* \* The strike is costing the airlines and their employees alone almost \$8 million a day, every day. \* \* \* Any natural phenomenon which put 55,000 Americans out of work and cost American industry \$56 million in one week would surely be called a national disaster. \* \* \* The Florida Hotel Association reports the strike is costing the greater Miami area \$400,000 a day in lost tourist business and New York estimates its tourist loss is now running over \$750,000 and getting worse. \* \* \* The first day of the strike grounded 250,000 airline passengers, stranded thousands in cities distant from their destinations. \* \* \* This is no private disagreement between a remote employer and his employees. \* \* \* The public has an extremely high stake in averting such strikes, and in the conclusion of non-inflationary settlements to them." *Cong. Rec.* 15791.

Mr. Kuchel: "This Nation cannot afford prolonged disruptions in such indispensable services as communications or transportation, when it becomes clear that the national welfare is endangered or the national security is placed in jeopardy." *Cong. Rec.* 15793.

Mr. Fong: "The Vice President of Howen Visitors Bureau, Mr. Robert C. Allen, recently said the tourist industry in Hawaii is losing 'well about \$2¼ million a week' because of this strike. Losses to industries allied with tourism in Hawaii are losing well above \$2 million a week and the State of Hawaii is losing \$200,000. \* \* \* But the devastating economic impact is not the only tragedy. Thousands of American workers have been made idle by the strike. Thousands of American people have suffered hardship. \* \* \* The longer the strike continues, the greater will the human misery." *Cong. Rec.* 15849.

Mr. Smathers: "More than 150,000 travelers and 4,100 flights a day have been affected by the machinists' walkout; 231 cities in the United States and 23 foreign countries have had their air service limited in some degree. Seventy of the cities have no commercial traffic at all. \* \* \* Allied industries, such as hotels and motels, taxicabs, tourist attractions, and retail stores, have also felt the economic pinch brought on by a partially immobilized America. In the larger picture, the present strike—if allowed to continue much longer—could prove to be the catalyst that sets off a general economic downturn. \* \* \* Second quarter retail sales for this year are off 2.6% from the preceding quarter. The gross national product registered the smallest increase in the second quarter since

the Fall of 1964. Personal income gained less than in any quarter since the Spring of 1965. \* \* \* Mr. President, with the passing of each hour, the situation grows more desperate, and the need for a remedy grows more desperate and the need for a remedy grows more urgent." *Cong. Rec.* 15758.

Mr. Fong: "Estimates indicate that the economy of the State of Hawaii is now losing approximately \$4½ million a week because of the non-flow of tourists to our state. I am aware of the extent to which the airlines strike has affected the tourist business in the state of the distinguished Senator from Florida. I understand that it is causing a loss of approximately \$300,000 a day." *Cong. Rec.* 15762.

Mr. Cannon: "The strike is harming the traveling public, the national economy and the national interest. It is time, Mr. President, that firm and vigorous steps be taken to end this costly strike which is affecting countless industries and the livelihood of hundreds of thousands of individuals. \* \* \* There is no doubt that the present strike does, indeed, threaten the national interest. \* \* \* Other states, not only those in which tourism is a major industry, but all those dependent upon adequate airline service for business and commerce, are experiencing sharp economic hardship. Income losses to individuals are incalculable. It is estimated that the revenue loss to the airlines is now approaching \$100 million. The Federal Government is losing badly needed tax revenue on these earnings, in addition to taxes on the salaries of airline employees, the earnings of businesses whose volume and sales are slumping because of the strike and the 5 % air transportation tax for airline passengers." *Cong. Rec.* 15762-63.

Mr. Fong: "I hear reports that these defense activities are indeed curtailed by the strike. Interference with private defense efforts, as distinguished from strictly military activities, will be more and more seriously felt as the strike goes on. \* \* \* By allowing the airlines strike to continue, the administration is contributing to the downturn of our economy. \* \* \* With each day, unemployment grows. \* \* \* Once again, I appeal to the President to take necessary—and inevitable—steps for the good of all America." *Cong. Rec.* 15372.

Mr. Javits: "The airlines strike is but one more example of the critical weakness in our labor laws which periodically and regularly subjects us to strikes endangering the national health and safety." *Cong. Rec.* 15259.

Mr. Lausche: "The question now is, 'Does the strike of the airlines involve a national interest?' My position is that to contend to the contrary is ridiculous. The strike does involve the national interest. \* \* \* However, even apart from the problem of transporting military men, the strike has caused economic damage in untold amounts and has subjected the citizenry to an inconvenience which is wholly unjustified." *Cong. Rec.* 15269.

Mr. Williams: "We have an example today in the airlines strike of what can happen to the entire Nation. We faced a similar emergency a few months ago in the threatened rail strike." *Cong. Rec.* 15261.

Mr. Church: "Our mails are delayed, employment is threatened by potential production cut-backs, perishable goods are not reaching their destinations despite the herculean efforts of the non-struck airlines and other means of general transportation, and essential business travel is most severely and dangerously curtailed." *Cong. Rec.* 15280.

Mr. Carlson: "Not only is it causing serious disruption in the transportation of people and products, but the economic impact is of a tremendous magnitude. In my own area TWA employs 8,600 people. Of this number, 5,700 are now off the payroll because of the strike. These employees represent a monthly payroll of over \$3.6 million. The problem is equally serious in many other localities." *Cong. Rec.* 15089.

Mr. Holland: "Miami and Dade County, Florida, alone are suffering an estimated total damage of some \$18-20 million weekly in revenues lost as a result of the current strike. In addition, lay-offs in the various service establishments that cater to the tourist trade have resulted from the strike. \* \* \* Mr. President, the greatest sufferer in strikes, such as the machinists' strike, is the general public which, through Federal, State and Municipal governments has a tremendous stake in civil aviation." *Cong. Rec.* 15378.

Mr. Randolph: "It apparently overlooks the acute emergency—the true emergency—it has created by over-flights of cities normally on and vital to its long-range operations day in and day out when there is not a strike emergency on other lines. Other airlines also are operating certain non-stop flights over their systems at the expense of the traveling public, the movement of mail, and the shipment of cargo into and out of West Virginia. \* \* \* The strike situation is

most serious and goes further than the dislocation of our economic system and the disruption of mails and travel patterns. I think that our defense posture is impaired." *Cong. Rec.* 15382.

Mr. Bartlett: "It is the public interest that is being most seriously flouted. \* \* \* The result: countless individual frustrations and hardships, severe economic deprivations, and an over-all economic endangering of the national health and safety. And yet the strike goes on. It must go on no longer. \* \* \* It is sometimes unclear, Mr. President, what constitutes the 'public good'. Surely it is anything but unclear in this case. Airline service must be resumed." *Cong. Rec.* 15385-86.

Mr. Byrd: "Meanwhile, non-struck airlines, busses and trains are overloaded, thus jeopardizing the safety of and greatly inconveniencing the traveling public and the economy of the Nation is being disrupted. The American people, who, through their own tax dollars, have supported and subsidized the airlines industry, have a right to protection against a strike which vitally affects the comfort and safety of everyone and which is destructive to the commerce and industry of the Nation." *Cong. Rec.* 15407.

Mr. Morse: "A question of fact is raised as to whether or not the strike has reached a state of national emergency. It is the opinion of the senior Senator from Oregon that it has." *Cong. Rec.* 14868.

Mr. Allott: "It is not that it is a mere inconvenience to the Senator from Hawaii or to his State, or to the Senator from Colorado or his State, or to the Senator from Ohio or his State, or to the Senator from Florida or his State. It is that it paralyzes our whole transit system. \* \* \* As a matter of fact, there is not a state that is served by the struck airlines that is not suffering from the strike. The only point I wish to make is that with the complex economy in which we are involved, strikes in so many areas are bound to destroy and disrupt a great portion of our economy. \* \* \* When we think in terms of the need to bolster our economy, the strike is costing possibly hundreds of millions of dollars to the people involved." *Cong. Rec.* 14887.

Only a small portion of the comments which were introduced into the *Congressional Record* is listed above. In addition to comments by Senators and Representatives, numerous editorials discussing the airlines dispute were reproduced. Finally, many Senators and Representatives recorded the sentiments of their constituents, including local government officials, businessmen and the affected public by publishing telegrams in which the constituency expressed personally the impact upon it.

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#### APPENDIX

Attached are the route maps of the five airlines parties to the current airlines dispute, including Eastern, National, Northwest, Trans World, and United. These maps indicate the routes and cities which are not being served by the five carriers as a result of the strike. (See maps on pp. 56-59.)

The CHAIRMAN. Senator Prouty?

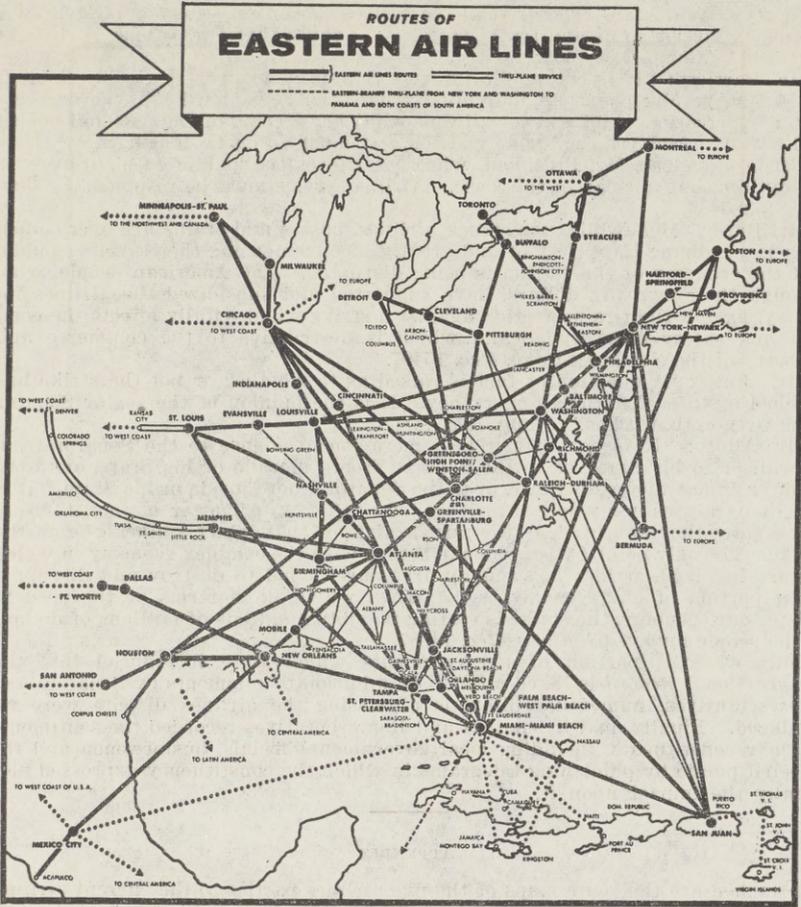
Senator PROUTY. Mr. Curtin, am I correct in understanding that the carriers involved in this dispute agreed to accept the recommendations of the Emergency Board?

Mr. CURTIN. Yes, you are, Senator.

Senator PROUTY. Could you give the committee an indication, percentage-wise, what the increase would be, including the actual wages and fringe benefits?

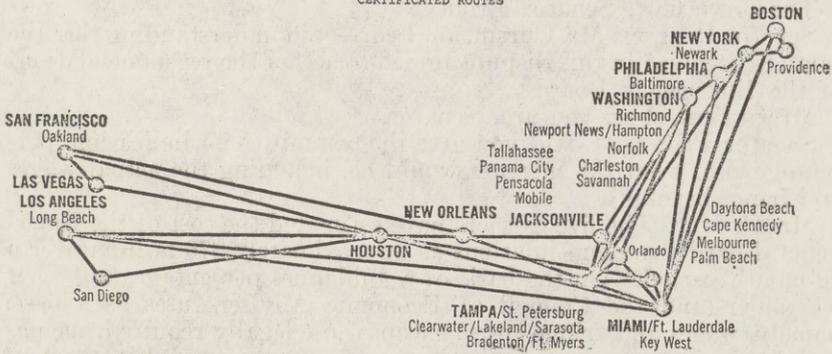
Mr. CURTIN. The five carriers have estimated the cost of the Emergency Board's recommendations as approximately \$76 million over a 42-month period. On the basis of a guidelines percentage, and what we understand the Council of Economic Advisers uses as a base, namely, wages and fringe costs; except those legally required, such as social security payments, we estimate an average annual increase of 3.6 per cent to be the cost of the Board's recommendations.

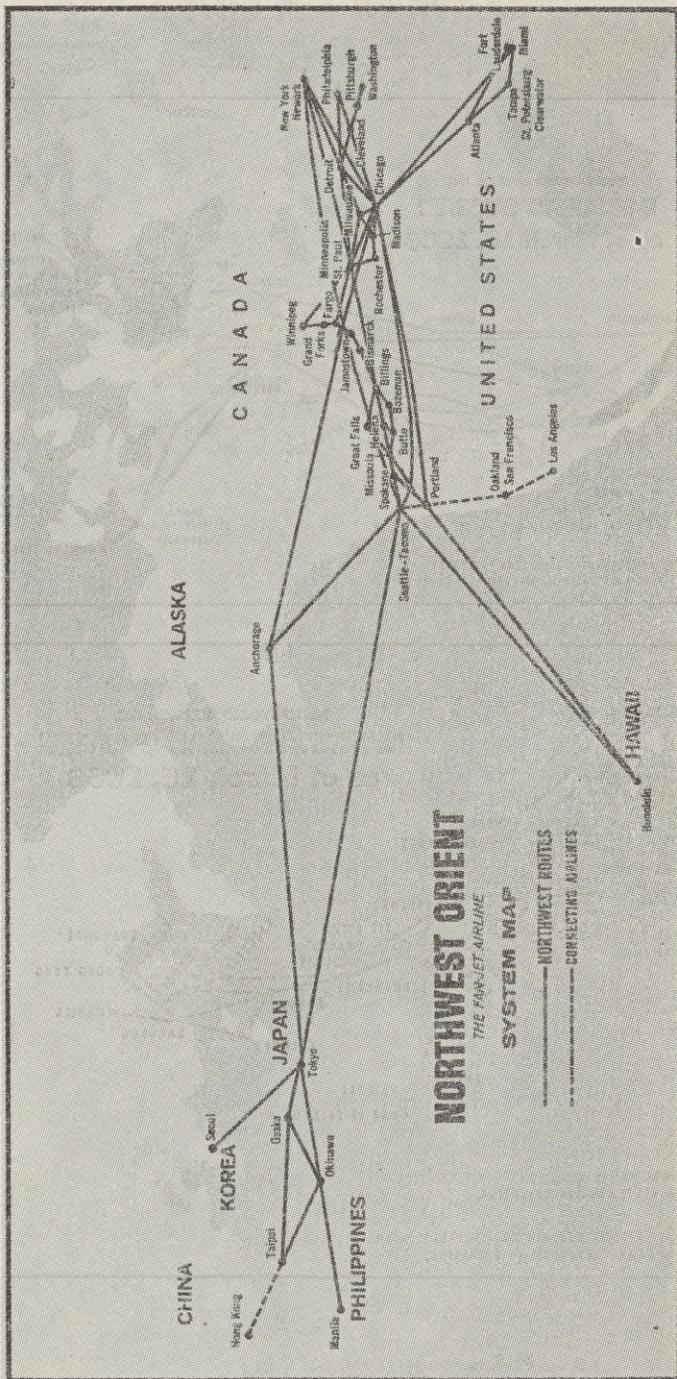
Senator PROUTY. That includes the fringe benefits?

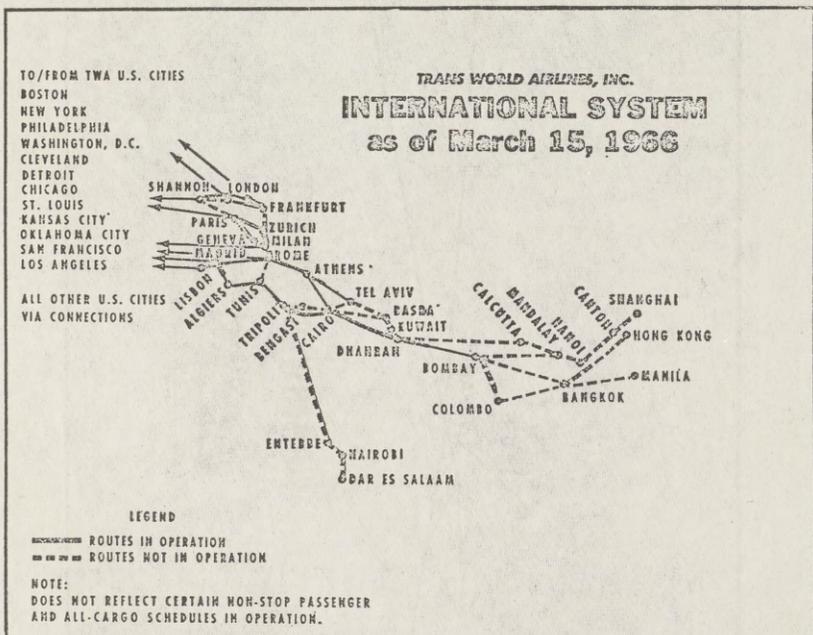
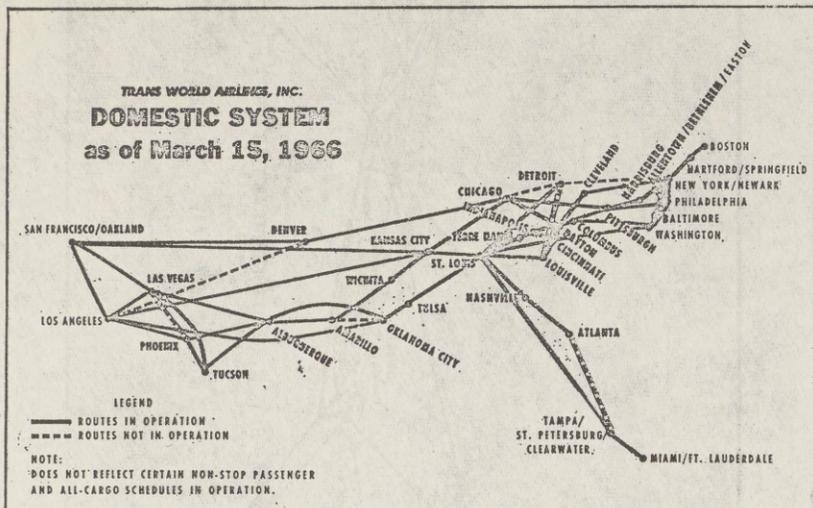


NATIONAL AIRLINES, INC.

CERTIFICATED ROUTES

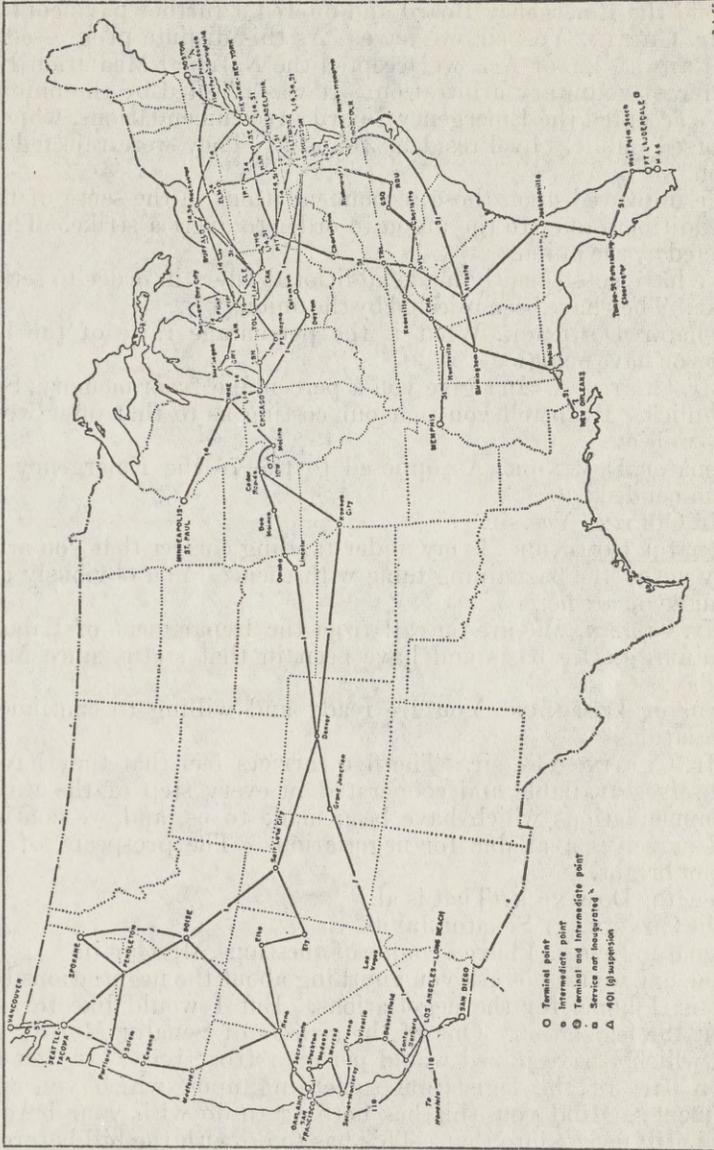






UNITED AIR LINES, INC.

System Map



Mr. CURTIN. That is right, sir. That is the so-called guidelines percentage figure.

The CHAIRMAN. Senator Dominick.

Senator DOMINICK. Didn't I also understand that the carriers went beyond the Emergency Board and offered a further payment?

Mr. CURTIN. Yes, sir, we have. As this dispute progressed under the Railway Labor Act, we accepted the National Mediation Board's proffer of voluntary arbitration. It was rejected by the union.

We accepted the Emergency Board's recommendations, which were endorsed publicly by President Johnson. They were rejected by the union.

We improved upon those recommendations in the sense of making an additional offer to the union in order to avert a strike. That was rejected by the union.

We have subsequently made additional offers in order to settle this strike. They have been rejected by the union.

Senator DOMINICK. What is the percentage raise of the highest offer you have made?

Mr. CURTIN. I can't give you a percentage from memory, Senator Dominick. I can tell you that our costing as to that offer would be \$81.3 million.

Senator DOMINICK. As opposed to the 76 the Emergency Board recommended?

Mr. CURTIN. Yes, sir.

Senator DOMINICK. Is my understanding correct that you are presently not at the bargaining table with them? You obviously are not because you are here.

Mr. CURTIN. We are on call from the Department of Labor on a 30-minute notice basis and have been in that status since Monday, midday.

Senator DOMINICK. You are ready and willing to continue these negotiations?

Mr. CURTIN. Yes, sir. The five carriers feel that they have held themselves available and cooperated in every step of the way with recommendations which have been made to us, and we continue to hold ourselves available for negotiations. The prospects, of course, are not bright.

Senator DOMINICK. That is all.

The CHAIRMAN. Senator Javits.

Senator JAVITS. I have a couple of questions, Mr. Curtin.

One is I would not ask you anything about the negotiations because that is, I hope, for the negotiations. But I would like to ask you about the legislation. One of the aspects of Senator Morse's resolution which I have joined would permit retroactivity. Is that or any other part of the legislation something upon which you wish to comment? Mind you, this has nothing to do with your bargaining and I will not go into that. This has to do with the bill before us.

Mr. CURTIN. As I read the bill which is under consideration, Senator Javist, the provision regarding retroactivity relates only to the wages. As a matter of fact, we read the Emergency Board's recommendations to recommend that wages would be made retroactive to January 1, 1966, and when we accepted their recommendations in toto, we, of course, accepted that particular recommendation.

Senator JAVITS. The other question is your comment upon the solution suggested by the Secretary of Labor as part of the administration. That is that more time be allowed, greater or less, for collective bargaining, and the committee stay its hand to allow that to happen. What do you say about that?

Mr. CURTIN. My answer to that, I believe, would be that there has been a tremendous amount of public opinion expressed, both in the Congressional Record and in the editorial pages of the leading newspapers of this Nation. There has been no evidence in the bargaining sessions that those expressions of public opinion have made for any effective pressures on the situation.

If, in the opinion of someone who is as skilled as the Secretary of Labor, who testified here that he did not make these suggestions lightly or without something more than a hope for making them, the return to the bargaining table would bear fruit, we are willing to do it, and we will try our best. I only wish that I had some basis for sharing his hopes. I have not, based on our experience to date, Senator Javits.

Senator JAVITS. You can always share his hopes if the carriers accepted the union's proposition.

Mr. CURTIN. Yes, sir. I am always speaking, if I may say it, in terms of a noninflationary settlement. We feel that the public mandate has been made very clear to this airlines industry, that it is in the interest of the Nation to settle this dispute on a noninflationary basis. If we didn't think that, we would not be on strike right now.

Senator JAVITS. I imagine you would be 180 degrees contradicted by the union, which doesn't think what they are asking is inflationary. That is understandable as a contention of the parties.

Suppose we don't grant the Secretary the time that he wants, suppose we just go ahead and work on writing legislation. Can you see any reason why the carriers will not continue to negotiate if the Labor Department calls them in, notwithstanding whatever we are doing here in the Congress, until we pass some definitive law which stops that process?

Mr. CURTIN. No, sir; we are available to negotiate no matter what you are doing.

Senator JAVITS. You will not stop because we are working, writing, or thinking?

Mr. CURTIN. That is right, sir; we will not.

The CHAIRMAN. Are there any further questions?

Senator Clark?

Senator CLARK. Are you a Washington or Philadelphia partner of your law firm?

Mr. CURTIN. Our office is in Washington. I am in the Washington office of that firm, Senator.

Senator CLARK. Are you what is sometimes referred to as a "Philadelphia lawyer"?

Mr. CURTIN. Some sort of a breed.

Senator CLARK. Please give my warm regards to the ghosts of Messrs. Morgan, Lewis, and Bockius, all of whom have been dead for a good many years, and my very close friends who are partners in your firm.

Mr. CURTIN. Thank you, Senator.

The CHAIRMAN. Senator Kennedy?

Senator KENNEDY of Massachusetts. In response to an earlier question, you stated you are very much aware that there has been a public mandate not to have inflationary kinds of settlement of this dispute. Earlier we had testimony, or we had the statement by the Secretary of Labor, urging that the parties go back to the woodshed and continue with their bargaining. I am just wondering whether that effort to go back to the woodshed to continue this bargaining can be done if you have already been given the strong impression by the administration that they certainly would not look favorably upon any kind of settlement which would exceed 3.5.

In other words, if you didn't have this consideration, as an individual industry, if you were not trying to be responsive to national inflationary considerations and policies, do you feel you could settle this dispute?

Mr. CURTIN. I didn't mean to leave that impression, Senator Kennedy, that we are under any stricture which prevents us from bargaining collectively.

We do know that there has been a clear public expression as to what constitutes a guideline for a noninflationary settlement. We are very conscious of that. The President's comments with regard to the Emergency Board's recommendations were that they constituted the framework for a just and prompt settlement of the dispute. We have taken him literally. We don't think we are obliged to stand fast on the Emergency Board recommendations. We have tried to be flexible, but we are conscious that to reach a noninflationary settlement, it should be within the framework of the Board's recommendations.

Senator KENNEDY of Massachusetts. If you were not conscious of trying to do that, and this, once again, is a national statement of policy, the wage-price guidelines, if you did not feel that admonition or compulsion, so to speak, do you feel that you could settle this strike?

Mr. CURTIN. Only by paying what the union demands, and we would regard that as an excessively costly contract.

Senator KENNEDY of Massachusetts. My point is taking it out of the framework of your public responsibility, which is an admirable quality, not to have this inflationary and respect the President's wage-price guidelines, taking it out of that context and just talking about the pecuniary interests of the carriers in attempting to reach a settlement with the machinists, do you feel that you could reach a settlement with them, if you were not conscious of what we all believe to be a worthwhile effort, to do it within the framework of the wage-price guidelines?

Mr. CURTIN. I am sure, if I may, by way of answering you, make this comment, you realize we regard ourselves as a public service industry, so it is very difficult to take that kind of an industry out of the context of the national policies and programs.

Senator KENNEDY of Massachusetts. On that point, if you go over the wage-price guidelines, the most interesting part of that is their exceptions, of which you are completely aware and familiar with.

Mr. CURTIN. Yes, sir.

Senator KENNEDY of Massachusetts. I am just trying to find out whether there are areas where now there is an interpretation of the wage-price guidelines in such a way that they are being applied to every particular industry in every particular given situation.

I want to get back to my point because it is the thrust of my question. If you did not have to observe those kinds of considerations, do you feel you could make or reach an agreement now with the machinists?

Mr. CURTIN. Not on the basis of the present posture of negotiations; no, sir.

Senator KENNEDY of Massachusetts. Do you feel a significant burden would be removed from the considerations taking place?

Mr. CURTIN. No, sir. The administration has made it quite clear to us that we are free to bargain. There is no question about that. They simply are not recommending to us or urging us to enter into an inflationary settlement.

Senator KENNEDY of Massachusetts. This is my point: Do you consider anything that exceeds 3.5 to be inflationary?

Mr. CURTIN. No, sir. In other words, the Council of Economic Advisers figure is 3.2. As we costed the Emergency Board's recommendations, it is 3.5. As we understand the President's endorsement of those recommendations, he recommended a settlement within that framework. We believe that to mean that we have flexibility.

Senator KENNEDY of Massachusetts. Between the 3.2 and 3.5?

Mr. CURTIN. Within the framework of the Emergency Board's recommendations and what the President urged; yes, sir.

Senator KENNEDY of Massachusetts. Isn't that really what I just stated? Isn't it within that framework?

Mr. CURTIN. I am trying to respond by saying this to you, Senator Kennedy, that I don't think this industry would believe that it would be essential at this stage of the game by the Administration if we capitulated to the union's demands which are substantially in excess of what the President and the Emergency Board have recommended to us. I don't think we are running that risk or have that kind of stricture upon us.

Senator KENNEDY of Massachusetts. Therefore, really, it is the question of the national policy, the wage-price guidelines, which in this case is dictating the equities which are involved between the carriers and the machinists. Wouldn't that be another way of stating it?

Mr. CURTIN. I am not trying to fence with you, but I don't believe so. If I might say this, at the outset of the Emergency Board's hearings, this question was raised, whether that Emergency Board appointed by the President of the United States would be bound or controlled by the administration policy on guidelines.

Senator Morse, Chairman of the Board, made it perfectly plain to both parties that those would not be the controlling criteria. As a result, for example, the carriers never introduced into evidence what the guidelines base for these five carriers would be. To the best of my knowledge, on the information we supplied the Board, they didn't have any way to figure whether they were recommending a 3.2, a 3.0, or a 3.5. So we have regarded the guidelines as not a restriction in the sense that the administration has told us that we may not exceed those guidelines or the 3.5 figure.

Senator KENNEDY of Massachusetts. In other words, the reason that you would not give more is purely on the basis that you don't feel the carriers themselves could afford to make this kind of a settlement adjustment?

Mr. CURTIN. We do not think that the demands placed before us now are justified. We are conscious of the fact that there is a program, and one which we endorse entirely, against inflationary contract settlements. I only try to make the point that we are under no stricture, explicit or otherwise, from this administration against making further moves at the bargaining table.

Senator KENNEDY of Massachusetts. How do you evaluate these two factors: One, the interests of the unreasonableness of the demands of the union, and, secondly, the question of inflationary effects?

Mr. CURTIN. By way of an example, the demands that were before us at the time we were placed on strike exceeded the cost of the Emergency Board's recommendations by 75 percent. We regard that as an excessively costly contract and one which would be clearly inflationary by any standards, entirely aside from the 3.2 or 3.5 figure. Those were the demands that we were faced with when we were placed on strike.

Senator JAVITS. Will the Senator yield for one question?

You say 3.2-3.5. If you took the union's offer, what would it mean in percentages in your judgment?

Mr. CURTIN. I don't have that figure, I am sorry, Senator Javits. I have only compared it percentage-wise to the cost of the Emergency Board's recommendations. That is the figure I have just given you.

The CHAIRMAN. The CAB fixes your rates, do they not?

Mr. CURTIN. Yes, sir.

The CHAIRMAN. In other words, you cannot fix a rate that you see fit, can you?

Mr. CURTIN. No, sir.

The CHAIRMAN. The CAB approves your rates?

Mr. CURTIN. They approve our fares; yes, sir.

The CHAIRMAN. The Civil Aeronautics Board fixes your fare; is that right?

Mr. CURTIN. That is right. They also have made a study of established what they regard to be a fair rate of return on investment for this industry, which, since it was made 6 years ago, we have failed disastrously to meet, on the average.

Senator KENNEDY of Massachusetts. What has it been in the past year?

Mr. CURTIN. 12.3 percent, and the CAB recommended 10.25 percent.

Senator KENNEDY of Massachusetts. What is the average rate of return over the country?

Mr. CURTIN. I don't know, sir. I can tell you that for the period since that study was made, this industry has averaged about 6 percent rate of return on investment.

Senator KENNEDY of Massachusetts. It is my understanding that is the average for the country.

Mr. CURTIN. I don't know what the factors were that led the Civil Aeronautics Board to say that this industry needed a rate of return averaging over 10 percent. I think it is undoubtedly because of the tremendous needs for capital investment in equipment.

The CHAIRMAN. Without objection, the appendixes to your statement have been placed in the record following your statement.

They are having a rollcall vote in the Senate. We will stand in recess for 10 minutes.

Will you be available for further questioning after the recess?

Mr. CURTIN. Yes, sir.

(A recess was taken at 4:50 p.m.)

The CHAIRMAN. The committee will kindly come to order.

Senator RANDOLPH.

Senator RANDOLPH. Mr. Chairman, Mr. Curtin, you have spoken in your prepared statement about the loss of revenues in cities, naming Miami and San Francisco and I believe you mentioned Chicago and other metropolitan areas.

Not all Senators represent such cities, but we do represent areas of the country in which air transportation is very vital. You can well understand that in a State like West Virginia, with the problems which the rough physiography of hill country poses for the traveler, who now lives in a society where time is of the essence, we perhaps might feel the impact of an airlines strike to a degree that some of the larger cities, per se, might not feel. Is this true?

Mr. CURTIN. Yes, sir; I think it is a very valid point that some of the metropolitan areas which I have mentioned such as New York and Chicago as having suffered extreme losses according to their own calculations would, in fact, in a sense be the least affected because there are other means to travel to those cities such as excellent highway systems.

Senator RANDOLPH. Mr. Curtin, in Charleston, W. Va., which is the capital of our State, we are served through the Kanawha County Airport by both American and Eastern and United. Those are the three trunk carriers that provide scheduled flights into that airport. Eastern and United are the airlines that are not operating.

We have approximately 700 passengers daily that have been using these two carriers out of Charleston to other points.

A check indicates that approximately 200 of those passengers are being accommodated on other carriers. Lake Central, having been strictly local service with several stops between Charleston and Washington, D.C., is now operating a different type of service. That same carrier operating from Charleston, northward to Pittsburgh which was the United route, is skipping cities and flying nonstop into Pittsburgh. So we are accommodating, according to the check, about 200 to 250 of those 700 passengers that were carried by Eastern and United east, west, north, and south.

We have, therefore, approximately 500 or perhaps conservatively 450 persons who are not apparently now being accommodated by air service in our State capital. Therefore, this is a serious matter as you can well understand. It is not a figure that the larger metropolitan areas would even consider, but it is a vital figure to West Virginia. The Kanawha Valley is a very important area in the defense industry with FMC producing and with chemical plants and other plants producing very vital articles and products in our national economy and perhaps even in our defense effort.

I am going to be critical for the moment so that the record may reflect what I have said in the Senate, and that is that the Civil Aeronautics Board gave to certain nonstruck airlines the opportunity, in fact almost a directive, to alter their schedules and to bypass or at least remove flights from cities they were serving—like our university city, where a local service carrier is removing three flights.

This does not seem like too much perhaps, but it is important to the university city.

We have had a research project at West Virginia University that has almost shut down because the animals that were brought in from Indianapolis in connection with this program have not been able to be shipped on flights that normally handled them. This is a matter of record and I do not want to belabor the point.

But in West Virginia we feel the impact of a strike and the poverty of the area, already a distressed area, is heightened. So I mention this in the record today, Mr. Chairman. It is the indirect impact of a shutdown of two of the three trunk carriers that serve the State of West Virginia. We are served by only three and two of them are struck at this time.

Mr. CURTIN. Mr. Chairman, if I might comment I think the Senator makes an excellent point. That in the confusion that always accompanies a strike of this magnitude, it is unfortunate but every one tends to overlook some of these smaller metropolitan areas. They, in fact, are often hit hardest. Both the other trunk airlines and supplemental and nonsked airlines have made a valiant, almost superhuman, effort to fill the void that has been made by 50 percent of the industry being on strike.

In our judgment, this could only partly be successful and it is fast reaching the point of diminishing returns in terms both of their personnel and their equipment. This is true not only in the smaller metropolitan areas.

I know that, for example, some of you may have seen advertisements in the larger metropolitan areas indicating that American Airlines still has seats available on some flights. I think that it should be clear and it's obvious that those are only a handful of seats. They do not represent anything like the normal demand upon the trunk industry.

That same airline finds itself in the same situation that the JFK Airport in New York where the foreign-flag carriers are putting passengers on a bus and taking them to the airlines' terminals and dumping them without any reservations or facilities to get where they need to go. An airline in an effort to meet that demand has had to set up cots and provide blankets and coffee and all the like. That has happened and it is difficult to measure that by statistics.

I think we in the industry know that these are the kinds of things that are happening to the American public because of this strike, and it is possibly not provable by figures.

Senator RANDOLPH. Mr. Chairman, from Parkersburg a husband and wife and small baby were hoping to go to the west coast, and they state in a letter to me that arrived 6 days later than they would have arrived had the strike not taken place. The letter, of course, is an explanatory letter from this couple, pointing also to the cost, which was an additional burden to them, because of the illness of their child, and the many complications during the layovers as they traveled westward.

These are not matters that I am attempting to place in the record merely to distort the consequences of this strike out of proportion or to justify any given position on the proposed resolutions. I do think there are these personal impacts, however, which we as Members of Congress must consider. We are called upon to satisfy individual citizens, to relieve serious strains on individuals, and it may be that we

cannot satisfy the carriers, or the members of the union, and our citizens, individual citizens, all at the same time; but it is only we, as Senators, who can now respond to these problems.

So in West Virginia today, perhaps with the situation as it is, we are not able to serve approximately 500 to 600 passengers that ordinarily would be flying. This is at Charleston, W. Va., and at Huntington, W. Va., and that would be the total because Eastern serves not only Charleston but Huntington as well. So there is a very serious problem in our State; and I felt that I did not want to be provincial in bringing this to the attention of my colleagues, but it is a very important item in the economy of our State—not only affecting persons and products, but also indirectly affecting more subtle, and often more compelling, factors in the economy of our State and the well-being of our people.

Thank you, Mr. Chairman.

Senator PROUTY. Mr. Curtin, several nonstruck carriers have advertised that they are flying airplanes with empty seats between major cities which they serve.

How does this fit in with your statement concerning a lack of air transportation warranting a finding that a national crisis exists?

Mr. CURTIN. I think this goes to a question that Secretary Wirtz was asked earlier today, Senator. When we begin to talk about averages or the availability of some seats on some flights, we are playing a game with figures which may not really be meaningful. Because it is true before the strike when everybody was operating normally, the industry would regard as a very good load factor 55 percent; 60 percent, I believe, being extraordinary of available passenger seats.

However, the problem is that this includes off-hour flying; this includes flying to less than the major metropolitan areas, as Senator Randolph has pointed out; and the fact that it has some seats available is by no means phenomenal even in these circumstances, because we could be talking about three or four seats over a daily period on a number of transcontinental flights such as the advertisement which appeared in the paper this morning indicated; and I understood we might talk about five seats that were available on those flights.

That does not mean that this Nation is not harmed, therefore, when 60 percent of the industry is down.

Senator PROUTY. For purposes of clarification in my own mind, as I understand it, the Emergency Board recommended a settlement involving increased wage and fringe benefits of \$76 million over a period of 42 months, which represents an increase of 3.6 percent. We have talked about 3.5, but is it 3.5 or 3.6 percent?

Mr. CURTIN. It is 3.6 by our calculations. There were some indications in the press that it was 3.5 but there is some indication that the Emergency Board did not have the figures for computing a figure and so far as I know they do not compute such a figure.

Senator PROUTY. Subsequently, the carriers agreed to raise their offer to increases totaling \$81.3; is that correct?

Mr. CURTIN. That is the progress that has been made since the acceptance of the Emergency Board recommendation.

Senator PROUTY. That would represent total increases of about 3.85 percent under the wage-price guidelines, correct?

Mr. CURTIN. I should have figured that out during the recess, Senator Prouty, and I did not.

Senator PROUTY. Were the union demands at the time negotiations started about 75 percent above the Emergency Board recommendation?

Mr. CURTIN. Yes, sir. I would like to comment on that.

The union demands at the time of the strike were about 70 percent above the Emergency Board recommendations. That was the demand over which a strike occurred. They were something in excess of that before that time.

Senator PROUTY. Are their demands now over a period of 42 months?

Mr. CURTIN. No, sir, the demands, as I understand them today, are for a 36-month contract and not 42.

Senator PROUTY. Over a period of 42 months the union's demands at the time of the strike would be approximately a 6.3-percent increase under the administration's wage-price guidelines, as I figure it.

Mr. CURTIN. It is higher than that, because it is a 36-month contract.

Senator PROUTY. Over a shorter period, the percentage increase would be greater; would it not?

Mr. CURTIN. Yes, sir.

Senator FANNIN. Mr. Curtin, I would like to get a clarification of your statement on page 7 where you say there are now 68 cities in the United States without trunkline service including 5 State capitals and then you list some cities. But you say in addition there are more than 25 cities deprived of all of their air transportation. That would be from the standpoint of scheduled flights?

Mr. CURTIN. Yes, sir.

An example would be Morgantown, W. Va., as Senator Randolph pointed out.

Senator FANNIN. These towns were served previously by scheduled flights?

Mr. CURTIN. Yes, sir. As a matter of fact, if I could correct that statement, Morgantown would be in addition to what I suggested to you because, as a matter of fact, a local service carrier pulled out of Morgantown in order to supplement needs at larger cities in view of the strike.

Senator FANNIN. Then you would say there are 25 or more?

Mr. CURTIN. Yes, sir.

Senator FANNIN. From your statement I assume that you consider that the defense industry is vitally affected by this strike?

Mr. CURTIN. We think it is and we don't think that the results have shown themselves yet. I think I share Secretary Wirtz's views that it is very difficult to compute the damage inflicted by this strike statistically.

We too have received communications from important companies such as the ones you mentioned this morning which indicate that there are delays in the receipt of their materials and this is causing them some difficulty in providing defense materials.

This impact may not be felt for a few days or a week longer. I don't know the answer to why the Defense Department thinks that when suppliers are complaining they are feeling no effect of it. It may simply be that the backlog has not caught up yet.

Senator FANNIN. From the telegrams I have received they expressed great concern, in fact, considered it almost critical at this time and, of course, assumed if the strike continued it would be even more critical.

Mr. CURTIN. I think so, Senator, because as we have indicated in the testimony to which you referred, there are many cities and metropolitan areas which are now without domestic trunkline scheduled service. In some of those instances that is being supplanted by local-service carriers, nonscheduled airlines and the like, but that can't go on forever, at least in our judgment it cannot go on forever.

We think the signs of the strain are beginning to appear in the sense that these other airlines are not going to be able for much longer to supplement the service which has been lost by a strike affecting over 60 percent of the industry.

Senator FANNIN. To be sure I understand you, are there 25 cities that are deprived now of all of their air transportation?

Mr. CURTIN. Of any regular scheduled domestic trunk flights, that is right. There may be in any one of those 25 cities a stopgap measure.

For example, as I indicated earlier in the case of Morgantown, W. Va., Lake Central, which is not a domestic trunk carrier, but is a feeder line has pulled out of that area in order to provide service to some of the larger cities. That may very well mean that some of these cities or all of these cities are receiving, on an emergency basis, service from these small feeder lines. It is not comparable service either in number of flights, equipment used, or the ability to continue service.

Finally, it is not comparable because it means in order to provide that service they have to neglect service to the places where their routes and where their certificates allow them, and allow them to provide service ordinarily.

Senator FANNIN. Thank you.

The CHAIRMAN. Are there further questions?

Senator Dominick?

Senator DOMINICK. Of the five carriers involved, how many unions other than machinists are there?

Mr. CURTIN. Could I ask for some expert testimony in that regard? I can find out for you quickly.

Senator DOMINICK. And are they all supporting the strike?

Mr. CURTIN. They are all respecting the picket line. There are a number of labor organizations which deal with these carriers. Of the 11 domestic trunk carriers, 8 of them have their ground employees represented by the International Association of Machinists. The IAM asked those eight carriers to participate in joint bargaining this round. We five accepted. The other three, Braniff, Continental, and Northeast did not accept the invitation and they are not on strike now.

The other three domestic trunk carriers, two of them are represented by the Transport Workers Union as far as their ground maintenance employees, and the third by the Teamsters Union.

Senator DOMINICK. None of these other unions are participating in bargaining?

Mr. CURTIN. That is right. We are dealing only across the table with the International Association of Machinists.

Senator DOMINICK. There is no labor dispute with the other unions?

Mr. CURTIN. No, sir.

The CHAIRMAN. Thank you very much. We deeply appreciate your testimony.

Now, Mr. Siemiller, international president, International Association of Machinists & Aerospace Workers.

**STATEMENT OF P. L. SIEMILLER, INTERNATIONAL PRESIDENT,  
INTERNATIONAL ASSOCIATION OF MACHINISTS & AEROSPACE  
WORKERS**

Mr. SIEMILLER. Thank you, Mr. Chairman.

We, like the two participants preceding us, are here upon an invitation from this committee, limited to present a statement on one subject alone and state our position on that subject and were requested to do so within a period of 30 minutes. We shall not need the 30 minutes for the presentation.

We have furnished the committee with copies of the presentation and rather than to attempt to summarize, I believe I can best do it by reading the statement verbatim.

My name is Roy Siemiller. I am international president of the International Association of Machinists & Aerospace Workers, affiliated with the AFL-CIO. I welcome your invitation to appear before you to present the viewpoint of the strikers who are, in part, responsible for the grounding of the five airlines. In great part, of course, the responsibility rests with management.

May I start by saying that this is a legal strike for legitimate economic objectives. It is also a peaceful and orderly strike. We are proud of the trade union discipline of our members.

Perhaps this is the first time there has been such a strike where there has not been any police arrests for any reason. This has been a peaceful strike.

It is our understanding that this hearing is for the sole purpose of determining whether in fact a national emergency exists.

The joint resolution states, and I am referring to the original one, that this labor dispute threatens "essential transportation services of the Nation; that it is essential to the national interest, including the national health, safety, and defense, that essential transportation service be maintained."

The truth is that in some instances air transportation to certain cities has been curtailed. But the fact remains that no city has been cut off from air transportation.

Further, the newspapers report that there are "no shows" and empty seats on the carriers that are presently servicing the public in this country.

In the United States today there are 11 trunk carriers of which only 5 are on strike; 6 are still operating.

There are 13 local or feeder lines which service every city in the United States which the struck carriers normally service.

In addition to the airlines still flying, there are three all-cargo domestic carriers still operating as well as four helicopter carriers, seven intra-Alaska carriers and two intra-Hawaiian carriers, and one intra-California carrier.

Finally, general aviation including the huge fleet of corporate executive planes has not been hampered by the strike.

In discussing the obstacles to travel, I think it important that we understand the magnitude of air transportation today in proportion to other modes of transportation. According to the best Government and non-Government figures Americans logged a total of 878,400 million passenger-miles in 1965. Of this total, 89.5 percent was by automobile; 2.6 percent by bus; 2 percent by railroad, and only 5.9 percent by domestic air carriers.

With regard to freight, the Statistical Abstract published by the Department of Commerce notes that in 1963, the latest data available, less than one-tenth of 1 percent of all domestic intercity freight traveled by air.

This particular dispute has grounded 61 percent of the Nation's major airline service. Putting things into perspective nearly 97 percent of all intercity passenger travel is not affected by this dispute. Conversely, only 3 percent of all intercity passenger travel has been affected by the strike.

Some major carriers not involved in this dispute have advertised publicly that seats are available on flights to cities which they service. I have attached hereto three of these advertisements—one involving Braniff which was taken from the July 20 issue of the Kansas City Times, another involving Delta which was taken from the July 23 St. Louis Dispatch, the third involves American Airlines taken from the New York Times dated July 26, 1966. Other advertisements have appeared in other newspapers and on the radio, notifying the public that seats are available on other airlines.

We know of no situation where the health of this Nation or any single community in it has been endangered by this strike.

Nor is national defense imperiled by this strike. Contracts between the struck carriers and the Military Airlift Command are still in effect. All Military Airlift Command flights are still being serviced. In addition, 177 charter flights carrying more than 15,000 military personnel were serviced between July 9 and July 25. These flights are chartered by the Department of Defense under its civil air movement program.

I am offering an example of the notice which the Department of Defense submits to the Department of Labor which, in turn, refers it to our union. This notice sets forth the time of departure and arrival of these flights, and accordingly, we supply the necessary mechanics and service personnel to handle and service these aircraft.

Notwithstanding our willingness to cooperate in the servicing of all military flights it is important to note that Northwest Airlines has not requested its employees to service these aircraft.

We do not believe that the facts warrant any finding that this strike has imperiled the national health or safety. On the contrary, we are fearful that if this resolution should be enacted, the welfare of the United States and its heritage of freedom will, in fact, be impaired.

We do not believe that the right to strike can be recognized only in cases where a strike is ineffective or where no one will be inconvenienced.

We sincerely regret the fact that this strike has intruded into the lives of some of our fellow Americans. We ask their understanding

and their patience. Freedom is never as orderly as other systems. Under other circumstances it might be possible for the Government to suppress this strike and to force airlines employees back to work against their will. In another age, a great dictator became famous for making the Italian railroads run on time. I doubt that is a system many Americans would care to live under.

Yet, this resolution, in my opinion, is symptomatic of an unhealthy concept of freedom. We believe that the right to strike is basic to Western freedom. The right to withhold one's services in support of what a man considers to be a fair and equitable settlement is a right inherent to our position in the entire Western World.

In my mind, this is the right we are hoping the people of Asia some day will enjoy. We think the basic issues here in this airline strike and the basic issues in southeast Asia are identical.

In closing, may I say that I understand the responsibility which rests on your shoulders for the strength and welfare of our Nation. We share your concern.

If and when conditions require drastic action for economic stability, we stand ready and eager to cooperate—as we have in three earlier wars. However, I plead with you to realize that any stabilization plan which seeks to control personal income must be fair; it must apply equally to all forms of personal income—including salaries, commissions, bonuses and dividends as well as wage rates. To single out wage rates for control when other forms of personal income are uncontrolled is discriminatory.

I am confident that if this resolution is rejected, these five air carriers will return to the bargaining table and a settlement will be possible.

(The attachments referred to previously follow:)

FLIGHT INFORMATION RECEIVED FROM PASSENGER TRAFFIC DIRECTORATE,  
DEPARTMENT OF DEFENSE, JULY 14, 1966

- CAM-7489, 95 passengers: Eastern Air Lines.  
Louisville, Kentucky to Washington, D.C., 16 July.  
Lv 1930 hrs. Arr 2227 hrs.
- CAM-7490, 95 passengers: Eastern Air Lines.  
Louisville, Kentucky to Washington, D.C. National Airport, 16 July.  
Lv 2000 hrs. Arr 2247 hrs.
- CAM-7491, 95 passengers: Eastern Air Lines.  
Louisville, Kentucky to Washington, D.C., 16 July.  
Lv 2030 hrs. Arr 2327 hrs.
- CAM-7500, 59 passengers: United Air Lines.  
Atlanta, Georgia to Pittsburgh, Pennsylvania, July 16.  
Lv 1100 hrs. Arr 1419 hrs.
- CAM-7567, 54 passengers: United.  
St. Louis to Philadelphia (McGuire Air Force Base), July 15.
- CAM-7501, 146 passengers: TWA—July 16.  
Baltimore to St. Louis (16 deplaning for 624 Engineer Platoon) then to Albuquerque (130 deplaning for Albuquerque Reserve Training Center).
- CAM-7502, 18 passengers: TWA.  
Kansas City to Chicago (Great Lakes Naval Station), July 16.  
July 17: 56 passengers to Indianapolis where an additional 81 will be for continuation of flight to Philadelphia (Toby Hanna Army Depot).

[From the New York (N.Y.) Times, July 26, 1966]

IS THERE ANY CHANCE OF GETTING A SEAT ON AMERICAN AIRLINES?

Yes.  
 But there's one problem: since American Airlines is still flying, our telephone lines are completely jammed. So you might not be able to reach us to find out which flights have empty seats. Or which cities have additional American flights during the strike.

We do have empty seats on our planes, though.  
 We've even sent some flights out with fewer people aboard than normally.  
 Even our coast-to-coast flights—which were all sold out right after the strike began—now have few passengers standing by.

All this is because lots of people have put off their vacation and business trips. And those with reservations can't even get through to us to cancel them. So we suggest this:

If you can't reach us by telephone, go to the nearest American Airlines ticket office. They'll give you the information you need.

Or, come out to the American terminal at the airport.

If the flight you want is all booked up, there's a pretty good chance we'll get you on a later flight.

We'll help you in every way we can.

AMERICAN AIRLINES.

[From the Kansas City Times, July 20, 1966]

A LOT OF SEATS ON OUR AIRPLANES ARE GOING TO WASTE

Braniff International is flying.

But a lot of people figure that we haven't got a seat to spare. Without bothering to check with us.

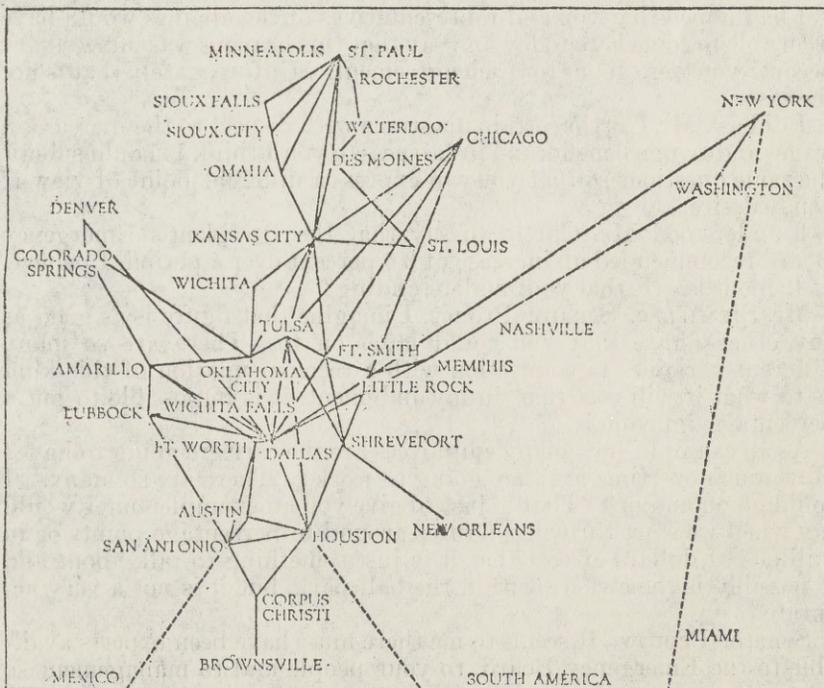
Check with us.

In most cases, we'll have something for you.

You may have trouble getting through on the phone. If so, ask your travel agent for the information you want. Or come to the airport in person.

We have people working overtime to put you on an airplane.

We'd hate to see an empty seat go where you wanted to go.



Note: This map does not show the full network of Braniff's non-stop routes.

BRANIFF INTERNATIONAL, UNITED STATES, MEXICO, SOUTH AMERICA.

[From the St. Louis (Mo.) Post-Dispatch, July 23, 1966]

IMPORTANT NOTICE FROM DELTA FOR ST. LOUIS AIR TRAVELERS

Delta Air Lines is not on strike. All Delta flights are operating normally. However, because of the interrupted service on 5 other U.S. air carriers, hundreds of travellers are calling Delta who would not normally do so.

This has imposed an unprecedented load on our telephones. As a result, many of our good friends can't reach us to obtain space and information. Yet many of our flights are departing with empty seats! For example, since the strike started, Delta has averaged the following numbers of empty seats daily to these destinations alone:

*Average number of empty seats flown daily since July 8, 1966*

From St. Louis to—	
Chicago -----	266
Memphis -----	87
New Orleans-----	65
Houston -----	33
Average empty seats daily-----	451

Please be assured that we are doing the very best we can under difficult circumstances \* \* \* and that we sincerely appreciate your patience.

If you are unable to reach us by telephone, come out to the airport and stand by. Chances are excellent that we can accommodate you within a reasonable time. Remember \* \* \* many Delta flights are leaving with empty seats to most destinations.

DELTA.

The CHAIRMAN. Are there questions?

Senator PROUTY. Mr. Siemiller, I want to assure you that all of us on this committee, most Members of Congress and representatives of labor and business do not want compulsory arbitration in this country if it can possibly be avoided, but I think as Members of Congress we have to measure up to our responsibilities to the public welfare.

I had hoped that you and representatives of the airlines would have been able to come here today and say that this hearing was unnecessary because you were about to reach agreement. Unfortunately that is not the case.

I did ask Mr. Curtin certain questions with respect to the increase in wages and fringe benefits and in fairness to you I think I should submit the same questions so that you can express a different point of view if you so desire.

I understood Mr. Curtin to say that the President's Emergency Board recommended an increase of 3.6 percent over a period, I believe, of 42 months. Is that your understanding?

Mr. SIEMILLER. Senator Prouty, I imagine that figure is as good as any other figure that you could latch on to. There are so many different variables in connection with a recommendation of this kind as to what it will cost that, in my judgment, it is impossible to put a percentage figure on it.

As an example, how many employees are the carriers going to have? How much overtime are they going to work? There are so many. I could go on and on. That is just to give you an example, but I would say when we start throwing figures around in percentage points or in millions of dollars of cost that it is just something to talk about and it possibly is somewhere within the ball park, but it is not a very accurate.

Senator PROUTY. It seems to me there must have been experts available to the Emergency Board, to your people and to management so

that at least an approximate figure could be determined. I do not want to belabor the questions, however, but I do consider it of major importance.

Mr. SIEMILLER. Senator, I think that is an approximation.

Senator PROUTY. I think they are using the administration's wage-price guidelines or so I am told.

Mr. Curtin also suggested that the carriers had agreed to increase this to 3.85 percent. There, again, you may disagree with it. I merely wish to give you an opportunity to disagree if you have an objective basis for believing otherwise.

Mr. SIEMILLER. Again, let me state it this way: The carriers have agreed to some changes since that time. Their cost is very debatable, again for the variables I have pointed out and again based on some other features that are involved in it.

Naturally, when you are sitting on the carriers' side of the table they will put forward the very best figures they can justify by any means whatsoever and naturally from the other side of the table, very frankly, we are going to do the same thing.

So there is a big difference of opinion in regard to these figures which I don't think is helpful in this particular case, because there are just too many issues involved.

Senator PROUTY. Mr. Curtin also suggested, if I remember correctly, that the demands of the union at the time of the strike were roughly 75 percent above the Emergency Board recommendation.

Now, you must have some idea as to whether these figures are right or wrong. Let us consider the 3.6 percent increase first and then the \$20 million variable which has been mentioned.

Mr. SIEMILLER. We do not have a cost figure to put on that. In our judgment, it is impossible to get an exact cost figure.

Secondly, on the second question that you would have as to the difference in the offer or the difference that was discussed at the time of this strike and the recommendations of the Emergency Board that you might have, again, there is one large \$20 million variable, in excess of \$20 million, which is roughly the cost of pensions that is involved.

This is the last industry left, just about, where employees are asked to contribute toward a pension and that is involved in this, and that is an issue which is still subject to negotiations and I feel we can find some answers on that issue.

Senator PROUTY. Do you feel you are making any progress with the airlines in this dispute?

Mr. SIEMILLER. We have not made much progress. My honest judgment is that the carriers are not going to move with an offer sufficient to cause our membership to accept it as long as there is legislation pending before the Senate.

I strongly feel they would rather have legislation than to work out an agreement and they are going to hide behind the Senate. That is my personal feelings in this.

Senator Prouty, I must tell you that we are not a dictatorial union in any way. We have a constitution that we have to live up to. There are 35,400 people who will have to vote to accept or reject any offer that we take to them. The offers that we have now, it is our judgment that they would not be acceptable.

Senator PROUTY. Do you believe the benefits already agreed to by the carriers are inflationary in respect to the President's guidelines?

Mr. SIEMILLER. To start with, I do not want to dodge your question, but we do not buy the President's guidelines.

We think it is directed to only one sector of our society. It was grabbed out of thin air and they changed the formula to get the 3.2. We do not think it is inflationary.

What is the difference? The airlines are going to have to pay their employees some of their profits or cut their rates. If the customers flying airlines keep the money in their pockets or if the employees have the money to spend, we think it is still within the economy. We do not think our demands are inflationary.

The CHAIRMAN. We have a rollcall vote on the final passage of the military assistance bill.

Senator PROUTY. I have just one more question.

Do you believe that the country is faced with inflationary pressures which if not controlled may well jeopardize the welfare of the Nation as a whole?

Mr. SIEMILLER. Yes, we feel that the country is faced with inflationary pressures. We think whoever let the interest rate get away from them has caused the inflationary pressures.

The CHAIRMAN. The committee will stand in recess until we can vote and return.

(Whereupon, at 6:05 p.m. the committee recessed for a rollcall vote.)

(Whereupon, at 6:18 p.m., the committee reconvened after rollcall vote.)

The CHAIRMAN. The committee will kindly come to order.

Senator FANNIN?

Senator FANNIN. I would like to ask you a question regarding your prepared statement. Mr. Siemiller, in response to the statement, "A joint resolution states that this labor dispute threatens essential transportation services of the Nation; that it is essential to the national interest including the national health, safety, and defense, that essential transportation services be maintained."

Do you disagree with that statement?

Mr. SIEMILLER. It is essential that transportation services be maintained. We want it to be maintained.

Senator FANNIN. I asked you whether you disagreed with that statement.

Mr. SIEMILLER. Which statement?

Senator FANNIN. The statement I just read. The prepared statement you presented to us.

Mr. SIEMILLER. Yes; I disagree with the statement in the joint resolution that this does threaten the national health, safety, or defense of this Nation.

Senator FANNIN. What part of this statement do you disagree with?

Mr. SIEMILLER. I agree that it is essential that transportation services be maintained, taken in that context.

Senator FANNIN. Don't you agree that defense is very important and if it is in any way interfering with our defense program that it is detrimental to our Nation?

Mr. SIEMILLER. I don't agree it has interfered with defense so it becomes a national emergency.

Senator FANNIN. Then you would permit interference with our defense program unless, in fact, a national emergency?

Mr. SIEMILLER. There will always be some interference with a defense program. That is inherent in our way of life, in our free democracy that we have.

Senator FANNIN. It certainly is not the intent, I do not think, of the union organizations or of the business organizations to interfere with our defense program?

Mr. SIEMILLER. It is not the intent, no; but it is one of the by-products of freedom.

Senator FANNIN. I certainly do not follow you to the extent that you are willing to have this right affect the defense of our country when we are in a war in southeast Asia and the lives of our men are at stake. I assume you were here when I read the telegram from the different defense industries that are in my home State. Were you here at that time?

Mr. SIEMILLER. Yes; I was here.

Senator FANNIN. I think it is very evident that these firms are critically affected. They are concerned about this strike and feel that it is something that should have serious consideration. From what you have said I do not believe that you are giving it serious consideration.

Mr. SIEMILLER. Your assumption is entirely incorrect.

Incidentally, we represent the employees of some of the concerns that you read, and I do not doubt that there are interruptions. I find interruptions myself in traveling across the country even though I went to California, up to the coast to Seattle and back during the strike. I know you can do things. It is harder to do it with this kind of interruption that we have.

What is the alternative that you have? We want the strike settled. However, we can't settle the strike on what has been put on the table at this time. A majority of 35,000 workers, some of which are in your State, refuse to buy it, to accept it.

So the alternative is that we have a dictatorship—put them in the army, put a uniform on them and they will be back to work.

Senator FANNIN. No one is asking you to do that and that is not the consideration we have in front of us today. That is just as improper for you to make that statement as it is for you to use these absurd figures you have presented trying to mislead the people that only 3 percent of all the passengers traveling are affected by this dispute.

Mr. SIEMILLER. These are not our figures, sir. They are the Government's figures and the airlines' figures.

Senator FANNIN. You are using them in a misleading way.

Mr. SIEMILLER. That is your conception of it, not ours.

Senator FANNIN. You answered my question. If you will just look at your prepared statement and compare that with the answer you gave me, I think you will observe the same considerations.

That is all, Mr. Chairman.

The CHAIRMAN. Senator Dominick?

Senator DOMINICK. Mr. Siemiller, I want to start out by saying I know many of the people in your union are very fine and able people and ably represented.

Mr. SIEMILLER. Thank you.

Senator DOMINICK. I want to ask just a couple of questions. Am I correct in my understanding that the union as well as the airlines is now ready to go into bargaining at any time they should be called?

Mr. SIEMILLER. Yes, sir. We are ready. We will meet the carriers at the bargaining table any time, any place, right here in front of this committee or any place else.

Senator DOMINICK. In other words, the calling of this hearing and the introduction of legislation has not created any breakdown in negotiations?

Mr. SIEMILLER. I think your assumption is correct. It has not created a breakdown. I firmly believe it has delayed them.

Senator DOMINICK. If, for example, the Secretary should call the parties in to bargaining sessions 30 minutes from now, you would have no objection to going?

Mr. SIEMILLER. We would be there. The full committee is right here in this room. We would have no problem.

Senator DOMINICK. The next thing, the Secretary of Labor gave quite a few figures in the process of his presentation, amongst which there are 150,000 passengers per day which are not moving, \$1 million a week loss of payments; that the entire transportation revenue system is down \$1 million per day and the airline revenue is down \$7 million a day.

Are there any figures there which you would dispute?

Mr. SIEMILLER. I would have no grounds for disputing those figures.

Senator DOMINICK. Would you have any reason to doubt the accuracy of the statement that mail delays of 24 to 48 hours are occurring with first-class mail delayed 4 to 5 days.

Mr. SIEMILLER. We would have no figures on that. I would say the Post Office Department figures would be the best you can get.

Senator DOMINICK. Do you have any knowledge on the statement that was made in his presentation about the drug shipments being impossible to fulfill?

Mr. SIEMILLER. This is the first we had heard of that.

Senator DOMINICK. That is all I have, Mr. Chairman.

The CHAIRMAN. Senator Javits?

Senator JAVITS. Mr. Seimiller, I wish to make it clear I for one do not assume this hearing is intended to evaluate the equity of the position of the union and the position of management. I can assure you I shall do my best, and I think it is the general feeling, to keep that out of the question.

I am very gratified at what you have said about your readiness to bargain promptly just as management has indicated through its witnesses.

You indicated, however, that you thought that our proceedings had "delayed" the progress of collective bargaining. Could you tell me for how long it is delayed?

Mr. SIEMILLER. It would be hard to say for how long a delay. I said earlier, and perhaps you were not all here—

Senator JAVITS. We have all been voting and doing a few other things.

Mr. SIEMILLER. Thank God for that. I know what you are voting on.

I do not feel that the carriers are going to make an offer that will be satisfactory to the membership that they will vote for by a majority vote. We will never have anything satisfactory for all of them, but a majority of them will not vote for it as long as there is pending legislation.

As long as something is pending here, I do not believe the carriers are going to make an offer that we can get our people to accept. This is my firm personal belief.

Senator JAVITS. You heard the Secretary of Labor suggest to us that we put the matter over for a few day. Do you think that would make any difference in your answer?

Mr. SIEMILLER. We would try to do our best to reach a settlement. Each time we convinced someone that we have something our members would accept. We will try our best for that. I do not know what was in the Secretary's mind. He does not always confide in us so I could not tell you what he had in mind.

Senator JAVITS. What is the reason for your statement that the management and carriers cannot agree to a settlement that would be acceptable to a majority of the members of the union so long as this legislation is pending? What is there in that situation that would induce the carriers to take that position?

Mr. SIEMILLER. My judgment tells me the carriers would much rather see this legislation passed and put the people back to work than to have to meet what we consider just demands for the membership, their employees. As you said, Senator, if you want to get into the merits and debate these issues, we are prepared to, but I don't think it would serve a useful purpose.

Senator JAVITS. I don't think we should. May I ask you this: There are two bills pending before us, Senate Joint Resolution 180, a seizure resolution, and a second one has replaced it, Senate Joint Resolution 181 to which I am a party and that is why I am so interested in your view which is really continuing the standstill, the traditional framework within which bargaining has taken place in the airlines industry and also has a provision for retroactivity.

Why, therefore, should the carriers in your opinion, not the members, but the carriers, in your opinion, derive any excess comfort from that?

Mr. SIEMILLER. Except that they have 180 days under that bill to continue hoping that they will get a settlement for less than which we consider their employees are entitled to.

Senator JAVITS. Do you think it would in any way really weaken the position of the union with that retroactivity provision in there as big as life?

Mr. SIEMILLER. I think the retroactivity strengthens the union as far as retroactivity is concerned. That has to do with the amortization of vacations and other things which are not retroactive as I understand under the terms of this. The time already has passed for all holidays and so on but for money issues it is my understanding that it would be retroactive on it.

The whole package clearly is across the board, and again it is hard to discuss this without getting into the merits of the individual issues. I think Senator Morse, who knows more about this than possibly anyone—he sat on that committee—he would say it is pretty hard to discuss this issue without getting into the merits of each and every one of the issues involved.

Senator JAVITS. But your conclusion is the pendency of this legislation, in your judgment, will be a depressing influence on management really doing all that it would otherwise do?

Mr. SIEMILLER. Yes.

Senator JAVITS. In your judgment?

Mr. SIEMILLER. Yes.

Senator JAVITS. Do you prefer looking at the legislation, the seizure or partial seizure to the standstill?

Mr. SIEMILLER. Senator, I do not prefer either.

Senator JAVITS. Suppose you had to have one or the other? Suppose this thing really gets to the point where it does really develop a very basic national emergency?

Mr. SIEMILLER. I would rather meet that question at the time. I am not evading the question. It is a question to me, would I rather be shot or hung.

Senator JAVITS. Do you agree with the Secretary who says he thinks there is enough substance to the idea that you can get together so that we ought to hold off for a modest period of time?

Mr. SIEMILLER. We will cooperate and try our very best to reach an agreement. I don't know what the Secretary has in mind.

Senator JAVITS. Is it also the disposition of the union just as it loosened up as it were on military problems to do the same with respect to other problems as, for example, Senator Dominick mentioned drugs and whatever else might really be a bracing point?

Mr. SIEMILLER. Yes, sir. We would do that. If there were a life involved or something, we would send our people in to service the flight.

The CHAIRMAN. Senator Randolph.

Senator RANDOLPH. Mr. Siemiller, if there are members on this committee who would feel compelled, by certain circumstances, or constrained to vote for Senate Joint Resolution 181 in this committee, and those members felt that in so doing they were in no way taking sides between the carriers and the union in question, would you understand the feeling of any members who would support such a resolution?

Mr. SIEMILLER. I think I could understand their feelings. Let me say this: We would not question the motives of any Senator for voting what he considered was his best judgment after looking at the total picture. He has that right.

In our judgment, you were sent here by the people of West Virginia to serve their interests and we would expect you to use your best judgment, and we have a lot of members now in West Virginia which we did not have very long ago. We would hope our members would want you to do that.

Senator RANDOLPH. I will not discuss your membership because my record is too well known.

Mr. SIEMILLER. It is a good one.

Senator RANDOLPH. I want, Mr. Siemiller, you to tell the Senator from West Virginia how, in your thinking the passage of the proposed Senate Joint Resolution 181 would prejudice the union position.

Mr. SIEMILLER. Senator, I believe we would be working at a complete disadvantage. We would be in the position where the carriers knew they did not have to agree to anything and they were protected for a period of 180 days. I just cannot see where we would have an equal advantage with the carriers with a status quo involved even though there was a retroactivity on some of the issues involved. This is not money alone, but it evolves around cost items.

Senator DOMINICK. Would the Senator yield at that point?

Senator RANDOLPH. Yes, I yield.

Senator DOMINICK. Would you prefer the establishment of a board that would hold hearings for 30 days and then come out with the final decision?

Mr. SIEMILLER. That would be compulsory arbitration and we would be completely and unalterably opposed to it.

Senator DOMINICK. Even though you do not have to go to work?

Mr. SIEMILLER. Even though we would not have to go to work it would be a gross mistake.

Senator RANDOLPH. I do not want to be gratuitous in any way, Mr. Chairman, but I believe in the importance of collective bargaining. I am not sure whether there is more than one member at this table who voted for the National Labor Relations Act as I did, when I was a Member of the House. This was the Magna Carta of the labor movement, and brought collective bargaining to a respectable—and responsible—position in equity in our Nation. I voted also for the Fair Labor Standards Act, which increased wages and provided for better working conditions—including a workweek of reasonable length. These votes were in those early, difficult days, and that record has been continued.

I have problems here in my own thinking, not because of members of any segment of labor, or any segment of society; but I have certain situations that concern me as they do you.

I commend the labor movement as it has helped to build our economy.

I say that over and over again, and I say it here this afternoon. This is a situation however that bothers me. I know a man who is trying to fly from Kansas City to Pittsburgh on Saturday. He tells me, Mr. Siemiller, that he can't make that trip and it is important that he make that trip. Now, Braniff International has canceled its flight from Kansas City into Chicago on Saturday, if I am correctly informed. You understand the running out of town and you know all of this in the airlines language, flight time and so on. I am not going into it today, but they canceled the flight he had. Also he finds there is no service, if I am correctly informed, and I have not had the opportunity as of now to check this, that there is no flight that he can take from Chicago to Pittsburgh on Saturday.

Now, I am not certain of this fact, but I am trying to check it. In other words, he is unable to fly on a necessary trip from Kansas City to Chicago and Chicago to Pittsburgh. He might go around via Detroit using Mohawk, and I am not sure yet. He is trying all of these. But many people are not familiar with all of these other airlines, and other possibilities.

So, these are problems which I think concern us—not only the individual movements which include persons and products—but the deeper problems, perhaps about which my constituents are writing to me, as they are writing to other Senators.

This has been going on not just for the past few days, but certainly for the past few months. They express their concerns about the financial problems of the Nation.

We had the homebuilders in today, calling on all of the Senators here—and they are unable to build a home because the money has

dried up. This is a serious problem. There are many problems that have to do with our financial structure: to make money available for the homebuilder, and the home buyer, who is concerned with the threat of inflation, the balance of payments—all of these are matters of concern.

So, I share this concern and I know that you share this concern. I am certain of that.

Secretary Wirtz, Mr. Siemiller, in this testimony today, if I read it correctly, indicated this strike is having an adverse effect on our balance-of-payments deficit of a magnitude, as I recall, of about \$1 million a week. Is that correct? Did I hear that correctly?

The CHAIRMAN. That is correct.

Senator RANDOLPH. As Members of the Senate, I think we view that sort of situation seriously. I wonder if you would care to comment on the viewpoint of your union in regard to this serious matter?

Mr. SIEMILLER. Senator, we recognize it is very serious. We recognize it is a great inconvenience and a costly inconvenience to a segment of our society, a segment of America. It is costly in many ways to different people.

I have often wondered when people put statistics together where they place the work force of this Nation.

Senator RANDOLPH. All statistics should be clothed with figures, not the figures per se, but the personalities, the men and women, the human element.

Mr. SIEMILLER. I would agree with you as to the seriousness of it and I would agree with you as regards the inconvenience of it. Some people are not as well as informed as others as to the circuitous route that you can take to get to where you have to get with the air carriers that are still operating. Some you still can't. There are some of these, and I am not here indicating that these situations do not exist. The position of our union is this is not a national emergency that should cause legislation.

We want to find an answer to this problem. We have scattered across from Gander, Newfoundland, to Tokyo, 35,400 people involved in this work stoppage. To them it is a great hardship, also. To the pilots, to the other employees of the airlines it is a great hardship.

We need to find the answer and find it as expeditiously as possible.

We have been in negotiations trying to since last October. I could not say so, but I am firmly convinced that the administration's guideline policy has been a real deterrent to finding the answer to the problem to get this situation settled.

Again, as I said to Senator Javits, to get into the equities of it would be wrong, but just let me drop one thing in. You take an airline mechanic who is going to have to certify to the safety of the airworthiness of a Boeing 707 taking to the air with 100 lives including the crew in it. He is drawing \$3.52.

You take a longshoreman in the same city in San Francisco, and he is getting \$14 an hour. These are some of the equities that are involved in this particular situation that we are involved in, and why it is difficult for us to convince our member that they are not just as valuable and why they should not get and why the equity should not be involved in this settlement.

I only picked that one. Obviously, I could get more. I do not want to get into that unless you want me to do so. But we want to get a settlement for it.

Again, and as I believe I said to Senator Fannin, we have to convince a membership, the Senate of the United States passes laws that say we live up to our Constitution. I cannot sign an agreement on behalf of our members. They have to agree to it. We have to take it out and they have to agree before we have an agreement.

I think it is right, and I believe in democracy and I want to practice it but this is a problem that we have. If we do not have the ingredients in a settlement that these people will vote for, we do not have a settlement.

Senator RANDOLPH. I want to thank you for your responses to my questions. They were asked with a certain feeling on the part of the Senator from West Virginia that he is not just groping but he is attempting to find the best answers he can from all parties concerned in this very serious situation.

It might not be an emergency to use that term, but certainly I think it is a blow which is injurious to the economic well-being of the Nation.

Mr. SIEMILLER. Senator, let me say we appreciate your statements, your thinking, and we welcome your help in helping us find an answer to it.

The CHAIRMAN. Senator Murphy.

Senator MURPHY. Has there been any expression on the part of your rank and file membership at this late date as to whether they would as soon go back to work and let you negotiate or whether they insist on staying out on strike? I ask this from long experience. As you may know, I have been 40 years in the labor movement, I have been through several strikes, I know about the mechanics and the personalities.

I know public positions once taken are difficult, but there also comes a consideration of the general welfare of the general public which in my consideration always supersedes all the rest.

Secondly, I am concerned about the welfare of the good reputation of the labor movement which at this point I think is in jeopardy. I have been around it 40 years and believe in it and have stood up on the line on several occasions. What is the feeling or what would you guess is the feeling of your rank and file? Would they object to going back and performing services? In the meantime, you go ahead and continue your negotiations in free, complete liberty, just as you do it now.

In the old days as you know, we used to say a strike that was not won in 21 days was lost and that you get a better deal while you are out on the bricks. I would have hoped by now we would have advanced from there. I think in these enlightened times this has changed. I know most of the gentlemen on this committee and I know their feelings in this matter. They are friendly, they are absolutely friendly. They want to see this solved properly, but they are under the gun because the administration has not provided the leadership in this we hoped it would and now apparently it has been put on the back of this committee and Congress.

Something has to be done and we want to get it done and I would like your expression as to how the rank and file would feel about a request of this kind.

Mr. SIEMILLER. Senator Murphy, we have not taken that specific issue to the membership and asked for an expression.

However, there has been—

Senator MURPHY. What would your guess be? You have represented them very well.

Mr. SIEMILLER. Thank you. I was in San Francisco the week before last. I attended a meeting of that local union at the large overhaul base in San Francisco where there are some 6,000 or 7,000. The indication there expressed was they would not go back to work unless they were ordered to do so by a Federal court or a law enacted. They want to get a settlement.

You have had a lot of experience and I know and I appreciate that. You have had strikes that you have been involved in where you had a membership that you had to hide. You could not expose them or you had lost your position. We have one now that is so militant that they do not leave us much room to move around in.

My honest judgment is if that were presented to the people, their vote would be "No, we don't return to work until we get a settlement."

My second thought on the subject is, and you did not ask me this question, but unless relief is forthcoming for these highly skilled mechanics, they are going to be moving out of the air transportation industry and taking jobs in San Francisco as dock workers or go to work for Greyhound Bus where the rate of pay is in excess of \$5 an hour for a mechanic repairing a bus.

There are some real equities involved in this but in honest answer to your question, I don't think we could get them to agree to it, and I believe if I ordered them to, they would tell me where I could go.

Senator MURPHY. May I ask one other question? Assuming that there is a settlement, it has been said that it would take another 5 or 6 days before you could get the settlement agreed to by all of the locals involved. Is that a fair statement?

Mr. SIEMILLER. No; it is not today. It was at the time the statement was made. We have beefed up our communications to such an extent that if we get a settlement, we can take it out for ratification in 24 to 30 hours.

We have changed procedures and all. When Mr. Ramsey said, "Look, Eastern Air Lines has letters out to their employees berating the union for not giving the membership an opportunity to say if they wanted this offer or not"; when he says they would take any offer on the table back to the membership for their expression, at that moment all offers were withdrawn so we had nothing to take to the membership.

At that time our procedure was such it would have taken 4 or 5 days. Today we could do it under any circumstances in 48 hours and I believe quicker than that.

Senator MURPHY. Do you feel that the insistence on the guidelines is becoming one of the great obstacles in the settlement of this strike?

Mr. SIEMILLER. Yes, sir.

Senator MURPHY. In other words, do you feel that the opposite side of the negotiation table, the carriers, might be inclined to come

to the terms which you could agree on if it were not for guidelines that have been set down by those who are concerned with inflation, shall we say?

Mr. SIEMILLER. Yes, I honestly do. I think I would put myself in their position. Here I am operating an air transportation industry. My rates are regulated by the Government. I have been very, very successful and exceeded anything they said was justifiable. If I do something to anger the Government or something, there could be some retaliation.

I think I would be very careful also if I was the carriers.

Senator MURPHY. I have no other questions.

The CHAIRMAN. Are there further questions?

Senator WILLIAMS.

Senator WILLIAMS. There is a phrase we use from time to time around here, Mr. Siemiller, and it is a position when we are advancing an idea, a hope are in, and the phrase is, "fair advantage." It seems to me that what you are suggesting, a resolution of this nature would put the management side of the equation in this dispute in more than fair advantage. Is that what you are saying?

Mr. SIEMILLER. That is my judgment. We would not be on equal footing or status. We would be prohibited by law from taking any action for working for these 6 months.

Frankly, there is another thing, Senator Williams, which should be of concern to everybody. Every one of us is a human being. Every one of us has certain prejudices and feelings. You take 35,000 people and send them to work against their will, what kind of performance are they going to give? This concerns me greatly. What kind of morale are we going to have in this very essential industry and essential work force? I fly these plants. I want to be just like the pilot on TWA, who wrote the president of TWA and said when he took off in his bomber in World War II he wanted to be sure that the guy who checked it out knew what he was doing. He feels the same way when he takes over one of TWA's planes. I feel the same way. I want to feel that that plane is airworthy.

Senator WILLIAMS. This strike in progress is a legal strike, is it not?

Mr. SIEMILLER. Yes, sir.

Senator WILLIAMS. What is management's counterpart to a strike when labor-management discussions are not bearing fruit and coming to an agreement? What do you call that?

Mr. SIEMILLER. I don't know what you would call that, what terminology.

Senator WILLIAMS. Do they still call them lockouts, when management uses an economic weapon comparable to a strike?

Mr. SIEMILLER. Yes, if that is your question.

Senator WILLIAMS. So that is management's expression? When you have these problems, it is a strike?

Mr. SIEMILLER. That is right.

Senator WILLIAMS. Senator Kennedy from Massachusetts used the word "extraordinary" a few times this afternoon with respect to what we are doing today and described the extraordinary activity of the White House in the steel strike. We had the railroad strike, not before this committee but another committee. The steel strike was brought to the President's desk. I just wonder, has any lockout been brought

to the President's desk or the President personally or has any lockout been brought directly to this committee or the Commerce Committee.

Mr. SIEMILLER. I do not know of a lockout where management just shut down their plant and created a situation where it came to the attention of the President or the Congress.

Senator WILLIAMS. I cannot recall any.

Yet, what we are doing here is an analogy to the lockout situation from what we are considering here.

Mr. SIEMILLER. It is the opposite. We have some lockouts going where management shuts their plant down around the country when involved in labor disputes that we have, but it is a small concern and it would never become of the magnitude that this is.

Senator WILLIAMS. Would this not be an analogy of precedent to consider a lockout?

Mr. SIEMILLER. There is precedent. If there was a lockout and if the President involved himself in it, my judgment tells me it would be the first time he did that.

Senator KENNEDY of Massachusetts. I want to join with my colleagues in welcoming you to the committee, Mr. Siemiller. I would like to, if I could, just review some of the points that were asked of an earlier witness who appeared here today. I imagine the Bureau is concerned about the problem of inflation as certainly the carriers are, are you not?

Mr. SIEMILLER. Very much so, because inflation erodes wages and real wages faster than any other section of our society and we represent wage earners.

Senator KENNEDY of Massachusetts. We heard earlier from the Secretary of Labor who stated in this testimony that he feels that both parties should go back to the woodshed, so to speak, and continue their bargaining efforts. I am just wondering whether you feel that there can truly be meaningful bargaining atmosphere when you are bargaining under the umbrella of statements which have suggested that only an agreement which comes within the wage-price guidelines would be accepted.

Mr. SIEMILLER. I would answer that this way: The Emergency Board's recommendation is well within what we understand the wage-price guidelines to be. Our membership would not vote for that. They would not accept that as it is.

If there is going to have to be some additional ingredients involved before the membership will accept a negotiated settlement, again, when we get into the so-called wage-cost guidelines that you are involved in, we are getting in a sea that is pretty hard to swim in because there are so many situations involved.

If we are talking about direct wage increases to the employees, then we would be well within it. If we are talking about the cost—and as an example, this is the last industry left in the country where the employees or four of these carriers contribute to the cost of insurance for their dependents. This is about the last industry where you contribute to the cost of pensions that they have. The employer in the major industry makes the contribution. This is a major industry that does not have a cost-of-living escalator clause.

All of these are subjects that are in this package and are part of it. So it is pretty hard to say how you want to apply these so-called guide-

lines. What are you going to put in them? What are you going to put on the outside of them?

We had an announcement of a wage increase. I mentioned long-shoremen earlier. They settled for 25.6 percent. It was just settled for a 5-year agreement spread over 5 years.

I think that is still within the guidelines that they have. I do not think it was inflationary. Again, the administration's interpretation of that or Gardner Ackley's might be entirely different. I might say I know it would be different from my interpretation.

Senator KENNEDY of Massachusetts. Is it your interpretation that the wage-price guidelines actually as they were established and as I read them, the increase to the 3.2 percent is not necessarily to apply to every situation across the board; is that correct?

Mr. SIEMILLER. That is correct, Senator Kennedy. The 3.2 is as phony as a \$3 bill with my picture on it. They had a formula for arriving at this over a 5-year period, if the formula used would provide 3.6. They decided to discard the formula and stick to the old one and 3.2.

With the 3.2 for these so-called guidelines that we have, the formula in the first place is one that is hard to justify.

Senator KENNEDY of Massachusetts. Nonetheless, in response to an earlier question I think you commented if this 3.2 or the wage-price guidelines were not applicable, to state that as a hypothetical, you feel you can reach a settlement of this dispute; is that right?

Mr. SIEMILLER. Yes, sir. I would say if the carriers were told to go reach an agreement with the union, we would probably get one before daylight. They may disagree with me wholeheartedly. That is my feeling.

Senator KENNEDY of Massachusetts. Therefore, actually the equities of your particular dispute are really becoming decided by our national objectives of wage-price guidelines in this particular instance and there has been stated national policy in such a way that at least as far as you are concerned and the membership of the union make it extremely difficult to bargain collectively?

Mr. SIEMILLER. That is correct. If we were required to stay within the administration's interpretations of the guidelines, we could not reach an agreement that our members would ratify.

The CHAIRMAN. Are there further questions?

Senator KENNEDY of New York. I was very impressed with your testimony before the committee and also the frankness and the candid way in which you answered the questions which I think would be very helpful to the committee and were very helpful to me.

The Secretary appeared here earlier on behalf of the administration. He came out in opposition to the resolution that we are discussing. He said what their proposal was that both carriers and the unions would go back to begin negotiating again.

I want to ask you if you think those negotiations can arrive at a solution, in your judgment, over the period of the next few days?

Mr. SIEMILLER. Senator, I would rather not say what my judgment tells me. I would rather tell you we will try our best to reach an agreement.

Senator KENNEDY of New York. Do you think it is possible?

Mr. SIEMILLER. There would have to be a change on the part of the carriers.

Senator KENNEDY of New York. Would there also have to be a change on the part of the carriers as Senator Kennedy from Massachusetts mentioned?

Mr. SIEMILLER. I have no idea.

Senator KENNEDY of New York. Is it possible to reach a settlement if the Government maintains its present position, and the carriers follow the advice of the Government?

Mr. SIEMILLER. The answer to that is just as I gave it to the Senator from Massachusetts a moment ago. The answer is, "No," that nothing is in that guideline. As I said, the recommendation of the Emergency Board is well within this guideline. It is not satisfactory to the members at all in this case. They would not vote for it.

I could not convince them. I would be less than honest if I told you there was a chance.

Senator KENNEDY of New York. It appeared when the Secretary came in and suggested not to accept this resolution and give it a few more days. In fact I gather they are stating—because they must know your position as you stated it to us—is that they will follow the guidelines.

Mr. SIEMILLER. I would hope your assumption would be correct.

Senator KENNEDY of New York. It seems quite clearly from your testimony that they must know it. The carriers know it and yet it is being suggested that you go back in and start negotiating. Unless the Government is willing to obviate the guidelines, then you are not going to reach an agreement.

Mr. SIEMILLER. Senator, let me say it this way: As was pointed out earlier, with the guidelines, a portion of the wage guideline policy provides for inequities in certain situations. We think that there are great inequities in this situation. There has to be some retreat on a firm position so far.

Senator KENNEDY of New York. From the public statements made within the last week or so, it is the administration feeling that what has been offered to the union so far is within the guidelines but anything above that would be outside the guidelines and therefore, inflationary?

Mr. SIEMILLER. You could take that from the statements I have read also. We have not been told that by the administration.

Senator KENNEDY of New York. I am somewhat puzzled and I listened to that testimony this afternoon, in listening to their position, and their failure really to make any concrete suggestions to the committee as to what should be done or even state that the Government is really going to do anything beyond what has already been done except for the fact that everybody is going to go back and talk some more not only in opposition to this resolution and this legislation but also without suggesting any other legislation which would deal with these union problems.

Mr. SIEMILLER. I cannot tell you what is on the mind of the Secretary of Labor and I have not seen the President of the United States for 4 months.

Senator KENNEDY of New York. We have our own responsibility, but it would seem also the ones who would know the most about the situation and the effect around the country would be the administration, so I have some reluctance about taking any action myself or voting for any action in view of the position of the administration.

Mr. SIEMILLER. It would be my observation, because I find Secretary Wirtz extremely honest that he has something up his sleeve or he would not have come here and said what he said.

Senator KENNEDY of Massachusetts. The provisions of the wage-price guidelines that you referred to in talking to the Senator from New York, these are advanced as general guideposts. They are referring to the noninflationary wage behavior, and I am reading from the economic report of the President, transmitted to the Congress in 1962:

To reconcile them with objectives of equity and efficiency, specific modifications must be made to adapt them to the circumstances of particular industries. If all of these modifications are made, each in the specific circumstances to which it applies, they are consistent with stability of the general price level.

I imagine it is your position, Mr. Siemiller, that you feel the objectives of equity and efficiency are certainly of sufficient importance in this case to provide some elasticity in the position of wage-price guidelines?

Mr. SIEMILLER. Yes, sir; very definitely so.

Senator PROUTY. If no legislation is recommended by this committee, would the union consider entering into an agreement with the carriers to return to work while negotiations continue? Such an agreement of course, should provide for retroactivity of contract terms and reserve to the union the right to strike at any time it saw fit.

Mr. SIEMILLER. I don't believe in all sincerity we could get our membership to agree to that.

Senator PROUTY. What weight do you feel your membership would give to the recommendations of the negotiations committee? I would think they would give great weight to them.

Mr. SIEMILLER. They would give some weight to it in some locations more than others. I must tell you that we have a very militant—I am repeating myself—membership involved in this.

As an example, the group in New York, where a large contingent is, were so unhappy with the legislation that had been proposed they wanted to have a march on the Congress. They had hired buses to come down here. I had stopped them. They had circularized the rest of the country and they wanted to have 35,000 strikers come here and tell you what they think.

So far I have persuaded them not to, so this is the feeling of these people. They are very militant and very adamant.

Senator PROUTY. If there were no legislation, with the union retaining the right to strike at any time and all benefits becoming effective retroactively, do you still feel your members would refuse to go back to work while negotiations continued?

Mr. SIEMILLER. I would personally rather tell you yes, we would do that but I do not think I could say that.

Senator MURPHY. Mr. Siemiller, you have obviously, from the background of the facts of this particular discussion, a special case. In my experience, there have been special cases in an industry with which I am familiar and there are reasons why this special case in your industry has occurred. Has it been pointed out to the representatives of the administration that this has worked a hardship on your people; that possibly the wage scale is below the norm for the same type of work? Has it been pointed out that in the case of the people affected,

the so-called 35,000, that this might not have any great effect on inflation; that you are merely trying to rectify a condition that possibly never should have existed? Has that been pointed out to the representatives of the administration?

Mr. SIEMILLER. We have attempted to. We did our very best. I am sure that both Secretary Wirtz and Assistant Secretary Reynolds are very, very conversant with our opinions and statement on this. Incidentally, let me say they are both very fine gentlemen and they have both been helpful as Assistant Secretary Reynolds has been all the way. He has more facts and figures at his fingertips in this dispute than I have actually and he has been in it to that extent from both sides and he has both sides' figures on it.

We have attempted to point this out, that there are some inequities involved here that should be settled.

Let me give you just as an example, we have room to bargain as I told the carriers the other day on certain items. You had the references here a moment ago to the Emergency Board recommending a 42-month agreement as an example, a 42-month period.

We acquiesced to the carriers' request for 36 months in the first place. Now the settlement does not provide for the carrier to pick up the cost of the dependents' insurance for its employees which is now contributory.

It does not provide for the carrier to pick up the part that the employee is contributing in the pension plan. They do not want and are not willing to wait 3 more years to get another shot at this, and these are some of the issues that are involved.

There are some other issues about the requirement of an employee to work compulsory overtime, not having the right to refuse overtime. This has been blown out of proportion in my judgment, but it is involved in the issues.

We have a lot of issues to overcome, but in answer to your question, there are a lot of inequities compared with other industries—the aerospace industry, the automobile industry, some of the busline industry, and others.

There is certainly room in our judgment for special consideration to be given.

As I answered a question a moment ago, Senator Murphy, the carriers are pretty fat in profits, the greatest amount of profits of any industry that we know of, that they have now. They have exceeded that which was said to be desirable. The Government is going to tell them to cut their rates if they stay in this same situation. We asked the Government not to do it until we got this wage agreement settled. I wrote them a letter and asked them not to do it.

Well, inflation, what is the difference? If money is in circulation, if it is left in the pockets of the travelers by the airlines or if the employees who render the service have it. It is still in circulation and that is what causes inflation or at least one of the causes is money in circulation to buy hard goods that are not available or getting more scarce.

So this is part of the situation.

Senator JAVRS. Would the Senator yield for one question?

Is it the contention of the union that its demands are within the guidelines because its demands are intended to receive increases within

the guidelines and to right inequities which the guidelines allow to be righted?

Mr. SIEMILLER. That is a byproduct but that would be our contention. As George Meany so stated, the American labor movement does not buy the concept of wage-price guidelines unless it is put on all segments of our economy, but you have stated it. We do believe sincerely that we would not be out of the ball park if we were successful in negotiating an agreement that our membership would buy.

Senator JAVITS. I am glad, Mr. Siemiller, that I do not have to— for the purposes of this question—agree with your economic theory about money in the pocket of the travelers versus the inflationary impact of the wage increase, but I do think it is important that we understand that the union itself does not feel that it is asking the Government to materially, as you say in the ball park, violate the guideposts, but what you seek and demand you believe can be covered by the inequities section.

Mr. Siemiller, I am not so sure I am very happy about your denying me the opportunity to meet how many thousands of my constituents.

Mr. SIEMILLER. They rented 18 buses.

Senator JAVITS. It is rare Senator Kennedy and I see somebody coming to us.

Mr. SIEMILLER. I felt the situation would be best served if they stayed home and did some thinking constructively.

The CHAIRMAN. If there are no further questions, thank you very much.

Senator GRIFFIN. I would like to say, Mr. Siemiller, that your testimony has been excellent and you make a very persuasive witness and are very candid for which we are appreciative.

It would seem if your statements are to be taken at face value, the administration either has to abandon its guidelines or it has to reinterpret its guidelines in such a way as to make some exception or it has to call for compulsory arbitration because you make the flat statement that there is no settlement within the guidelines as the administration is now interpreting that your membership will ratify. That is a very disturbing and awkward dilemma that the administration is faced with. Is that about the situation?

Mr. SIEMILLER. Would you let me qualify that statement—as to what I understand the administration's interpretations of the guidelines, but the answer is "Yes" to your question with that qualification.

Senator GRIFFIN. Let me go on and suggest something else. I am sure I don't have to tell you that in the public mind, at least, collective bargaining, its processes and to some extent the good name of labor is in jeopardy. And we would have difficulty where the public is clamoring for no compulsory arbitration but I can tell you there is a great deal of sentiment building up in the country, particularly as it might apply to regulated industry.

What about the possibility of the unions and the carriers agreeing to voluntary arbitration to resolve this situation?

Mr. SIEMILLER. Senator, under the climate, the atmosphere, and the guidelines, we do not think that any professional arbitrator could render a fair and just decision on this.

Senator GRIFFIN. Why would you say that?

Mr. SIEMILLER. He would be restricted by the so-called guidelines. He makes a living by doing this. He is not going to get out on a limb to where he would not be used in another case. He is a human being, too.

Senator GRIFFIN. Your arbitration agreement voluntarily entered into need not make any reference to the guideline. You would make your case and be willing to abide by it?

Mr. SIEMILLER. There is no arbitration when a climate exists with a set of wage-price guidelines that labor is supposed to stay within. Our judgment tells us that no arbitrator that we know of would be free to use his own judgment.

Senator GRIFFIN. I think you weaken your case a good deal when you say there is no arbitrator anywhere who would judge your case fairly.

Mr. SIEMILLER. I think he is restricted. I don't think he is free to do it. He would do the very best he could, but I don't think he is free to render the judgment that his judgment would tell him should happen in the case. I just cannot see it.

I am just a normal human being, I think, a machinist working in a machine shop and I react like other human beings do and I react to pressures back and forth.

Senator GRIFFIN. All I can do is persuade you, and I think that would be a good way out for everybody if the union and the carriers could do that.

Mr. SIEMILLER. I wish we could, but I don't see it in the picture.

Senator MURPHY. You must understand our position.

Mr. SIEMILLER. Very definitely.

Senator MURPHY. You represent 35,000. I am supposed to come here to represent about 19 million people in the State of California. The pressure is building up, the mail is piling up and they are saying as a public servant somebody must do something.

Now, it is obvious that you have negotiated, you bargained to no avail. If I understand your statement correctly, unless the administration withdraws its insistence on the guidelines, there can be no solution. Is that a fair statement, sir?

Mr. SIEMILLER. No, I did not say that exactly. I said if the carriers still stick to that position that they are not going to exceed or stay within that, I don't think we can get an agreement.

In answer to your other statement, I certainly recognize your responsibility.

Senator MURPHY. We now are faced with a dilemma where people have said "We don't understand this. We don't know the details. We don't know the different characteristics involved, but we do know one thing, that the public peace of mind, the public welfare, the transportation system, is being seriously disrupted and, of course, it is being disrupted by a labor union."

They have fresh in their memory the transit strike in New York where illegally in the face of injunction this strike went forward. This was not popular. This on top of it has to suffer from the former.

The reason I am pressing on this is because it is my hope, and I have the greatest faith and hope and belief in collective bargaining, with full knowledge of the accomplishments, but I would think that the greatest thing possible that could happen at this point would be for the

labor leaders and the unions involved to say, "Look, on behalf of the public welfare, we will put our trust in the administration or in the committee of Congress and we will go back to work for a period of 100 days or 90 days or whatever."

Certainly, nothing is being accomplished when negotiations have ceased. Certainly, when you get to a deadlock there must be some other method. If this does not happen, there falls upon this committee the obligation to consider first the public welfare; second, the consideration of the union.

I am in complete sympathy. I know the facts very well, but I make this plea because I also have lived for a long time in this great country. I have dealt with people and I think the feeling and the general spirit of the general public now is becoming very difficult and I think they are going to insist on a settlement and they are going to insist on one statement that you made which I wish you would rephrase, where you suggest if you put men back to work and they were not in complete agreement that it might not be completely safe, that they might not do their job properly.

I would hate to think anywhere in the labor movement that this weakness exists, and I am sure it was just an implication and not a statement of fact on your part.

Mr. SIEMILLER. Senator, there is one part of your statement, labor leaders can agree with anything. If their members do not follow them, then you are just whistling in the dark.

Senator MURPHY. Then you are a bad leader.

The CHAIRMAN. Thank you very much. At this point I will insert communications from various individuals.

(The material referred to follows:)

PREPARED STATEMENT OF LOUIS P. HAFFER, EXECUTIVE VICE PRESIDENT AND COUNCIL, AIR FREIGHT FORWARDERS ASSOCIATION

I am the Executive Vice-President and Counsel for the Air Freight Forwarders Association. The Association is the trade industry for the air freight forwarding industry which comprises independent businessmen, mostly medium sized and small, who hold authority as indirect air carriers from the United States Civil Aeronautics Board. I am submitting a list of members of the Association for the record in this proceeding.

The industry generates and delivers to the airlines between 25-30 percent of all the domestic common carriage freight that moves via the airlines. Since we do not have authority to fly aircraft ourselves but must rely upon the direct air carriers for underlying carriage, we have a vital economic stake in seeking an early restoration of air service.

The past several weeks have been devastating to the financial condition of many of our members. Hit-or-miss methods have been adopted during this crisis, including utilization of motor carriers on an emergency basis, the chartering of supplemental and other air carriers where available, and the use of circuitous routing via the trunk lines and the feeder airlines that are not privy to the strike. These emergency adaptations, however, have not only resulted in excessive costs to the independent forwarders but have resulted in a substantial deterioration in their service and in the volume of freight that they have received and have been able to move during this period. A quick canvass of the members of this Association made in the last three days indicates a drop in the volume of their business over the previous period last year of as much as 85 percent. This is a particularly distressing figure since under normal circumstances, in view of the growth potential of the air freight industry, a normal annual increase would be approximately 30 percent. Personnel and investment in terminal facilities and in local cartage equipment geared to this expected growth must, therefore, stand by and remain as an expensive, continuing burden. Fixed commitments in leases and their investments cannot be "furloughed".

For the majority of the industry who have experienced a wholesale reduction in the amount of freight they have been able to receive and move, the consequences have been catastrophic. It is doubtful that some of the smaller forwarders, who do not have back-up resources, will ever recover.

The Association has no specific recommendation for any particular legislation which would result in an early restoration of service by the airlines. It does, however, urge this Committee's earnest consideration of legislation which would result in a return of service while negotiations were continuing for an equitable permanent solution of the strike.

TRANSPORTATION ASSOCIATION OF AMERICA,  
Washington, D.C., July 27, 1966.

Hon. LISTER HILL,  
Chairman, Senate Labor and Public Welfare Committee, U.S. Senate, Washington,  
D.C.

DEAR CHAIRMAN HILL: On behalf of the Board of Directors of the Transportation Association of America, I should like to express support of legislation that will provide, after collective bargaining procedures have been exhausted, for final and binding adjudication by a Presidential Board of disputes involving employees and carriers subject to the Railway Labor Act. At this time, the Association would support S.J. Res. 181 as an interim measure to deal with the current airline strike. The TAA policy statement is as follows:

"The Railway Labor Act should be amended to provide for final and binding adjudication by a Presidential Board of disputes involving rates of pay, rules and working conditions, preferably on a permanent basis."

The TAA Board, which is composed of key transport, investor, and general industry leaders with a direct interest in national transportation policy issues, took this action yesterday in New York City at a special meeting called for the purpose of considering ways to end the current airline strike. A list of members presently serving on this 115-man Board is attached.

TAA, with headquarters in Washington and offices in New York and Chicago, is composed of transport users and investors, as well as carriers of all modes who work together to develop national policies designed to assure a sound privately owned transport system that can meet the nation's present and future needs.

As to the current airline strike, it is obvious that something has to be done very soon to bring about a settlement because of its serious impact on the nation's economy and also because of the great inconveniences it is causing the traveling public. Inasmuch as all avenues leading to a reasonable solution have been exhausted, the general public as well as the parties directly involved should be better served through the mechanism of a Presidentially-appointed board with powers to effect a solution.

While the TAA Board would prefer amending the Railway Labor Act to provide for final adjudication on a permanent basis it supports legislation along the lines of S.J. Res. 181 that deals solely with the current strike. It should be pointed out, however, that while passage of legislation to establish an additional negotiation period may relieve the problem during that period, it by no means will assure a permanent solution to the public interest. Provision should be made, therefore, at the same time to provide for binding arbitration to prevent such strikes in the future.

Sincerely,

HAROLD F. HAMMOND.

TRANSPORTATION ASSOCIATION OF AMERICA BOARD OF DIRECTORS

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Edwin Hodge, Jr., President, Pittsburgh Forgings Company, Pittsburgh, Pennsylvania.  
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 Karl D. Loos, Pope, Ballard & Loos, Washington, D.C.  
 Robert S. Macfarlane, President, Northern Pacific Railway Company, St. Paul, Minnesota.  
 Dwight M. McCracken, Vice President, General Manager Loss Prevention, Liberty Mutual Insurance Company, Boston, Massachusetts.  
 Wilfred J. McNeil, President, Grace Line Inc., New York, New York.  
 F. A. Mechling, Executive Vice President, A. L. Mechling Barge Lines, Inc., Joliet, Illinois.  
 Raymond W. Miller, President, Public Relations Research Associates, Inc., Washington, D.C.  
 Chester G. Moore, Honorary Secretary for Life, American Trucking Assns., Inc., Washington, D.C.  
 R. Stuart Moore, Chairman of the Board, Los Angeles-Seattle Motor Express, Inc., Oakland, California.  
 Edwin F. Mundy, Vice President-Traffic National Biscuit Company, New York, New York.  
 A. L. Nickerson, Chairman of the Board, Socony Mobil Oil Company, Inc., New York, New York.  
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 L. D. Rahilly, President, Interstate Motor Freight System, Grand Rapids, Michigan.  
 John S. Rice, President, Rice Truck Lines, Great Falls, Montana.  
 W. Thomas Rice, President, Atlantic Coast Line Railroad Co., Jacksonville, Florida.  
 W. Lyle Richeson, Vice President, Assistant to President, Westinghouse Air Brake Company, Pittsburgh, Pennsylvania.  
 Clinton L. Sanders, Chairman of the Board, Perkins Freight Lines, Atlanta, Georgia.  
 Stuart T. Saunders, Chairman of the Board, The Pennsylvania Railroad Company, Philadelphia, Pennsylvania.  
 John W. Scallan, President, Pullman-Standard, A Division of Pullman, Inc., Chicago, Illinois.

- Harry G. Schad, Jenkintown, Pennsylvania.  
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 Kenneth L. Selby, President, National Castings Group, Midland-Ross Corporation, Cleveland, Ohio.  
 Henry E. Seyfarth, Seyfarth, Shaw, Fairweather, and Geraldson, Chicago, Illinois.  
 B. M. Seymour, Chairman of the Board, Associated Transport, Inc., New York, New York.  
 Samuel H. Shriver, Hinchingham, Rock Hall, Maryland.  
 Charles B. Shuman, President, American Farm Bureau Federation, Chicago, Illinois.  
 F. Cushing Smith, Executive Vice President, American Oil Company, Chicago, Illinois.  
 W. K. Smith, Director of Traffic, General Mills, Inc., Minneapolis, Minnesota.  
 George A. Spater, Executive Vice President and General Counsel, American Airlines, Inc., New York, New York.  
 William I. Spencer, Executive Vice President, First National City Bank, New York, New York.  
 Harris G. Squire, Vice President-Traffic Service Pipe Line Company, Tulsa, Oklahoma.  
 Floyd T. Starr, Trustee, The Penn Mutual Life Insurance Company, Philadelphia, Pennsylvania.  
 W. J. Sullivan, Director of Traffic, Allied Chemical Corporation, New York, New York.  
 D. C. Sutherland, Executive Vice President, Bank of America National Trust and Savings Association, San Francisco, California.  
 Robert E. Thomas, President, Mid-America Pipeline Company, Tulsa, Oklahoma.  
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 L. H. True, President, Magnolia Pipe Line Company, Dallas, Texas.  
 Gerrit W. Van Schaick, Director, Transportation and Distribution Division, American Cyanamid Company, Wayne, New Jersey.  
 Kenneth L. Vore, Vice President-Traffic and Transportation, United States Steel Corporation, Pittsburgh, Pennsylvania.  
 R. C. Waehner, General Manager, Distribution Division, Lever Brothers Company, New York, New York.  
 Giles A. Wanamaker, President, The Hertz Corporation, New York, New York.  
 Hugo Waninger, Vice President-Traffic Anheuser-Busch, Inc., St. Louis, Missouri.  
 William W. Ward, President, Ward Trucking Corporation, Altoona, Pennsylvania.  
 Harry D. Weller, Executive Vice President-Sales, White Trucks, A Div. of White Motor Corporation, Cleveland, Ohio.  
 John L. Weller, Senior Analyst for Transportation, Hayden, Stone, Inc., New York, New York.  
 William G. White, President, Consolidated Freightways, Inc., San Francisco, California.  
 C. J. Williams, President, Hillside Transit Co., Inc., Milwaukee, Wisconsin.  
 R. A. Williams, Chairman, Stanray Corporation, Chicago, Illinois.  
 William W. Wolbach, President, Boston Safe Deposit and Trust Company, Boston, Massachusetts.  
 C. E. Woolman, Chairman of the Board, Delta Air Lines, Inc., Atlanta, Georgia.  
 Elliott C. Youngberg, General Traffic Manager, Inland Steel Company, Chicago, Illinois.

U.S. SENATE,  
 COMMITTEE ON THE JUDICIARY,  
 Washington, D.C., July 27, 1966.

Hon. LISTER HILL,  
 Chairman, Senate Committee on Labor and Public Welfare,  
 Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: To assist your Committee in determining whether the current airline mechanics strike against five domestic lines constitutes a national emergency, I am submitting wires, news articles and excerpts from several of my recent statements in the Senate which cite the adverse impact of this strike, particularly as it affects my State of Hawaii.

I would greatly appreciate inclusion of these materials in the printed hearing record.

With best regards and aloha, I am,  
Sincerely yours,

HIRAM L. FONG.

[From the Congressional Record, July 13, 1966]

#### THE AIRLINES STRIKE

Mr. FONG. Mr. President, continued disruption of air service because of the airlines mechanics strike is intolerable.

Every day compounds the inconvenience and hardship for millions of Americans and multiplies the economic loss to the Nation.

In my own State, Hawaii, our citizens and the tourist industry are almost totally dependent upon air transportation. Our fresh fruit and flower industries require air service to move their products to markets. Hawaii imports more than two-thirds of the food our people consume. Highly perishable items such as fresh fruits and vegetables are imported by air freight. Adequate air service is literally crucial to Hawaii's economy and the welfare of the more than 700,000 people living in the islands.

Next to agriculture, tourism is the second largest industry in Hawaii. Until the airline strike, which affects two of the three major U.S. carriers serving Hawaii from the mainland, it was estimated 700,000 visitors would journey to Hawaii this year. This would mean \$302 million in income for our local economy. Mr. Robert Allen, managing director of the Hawaii Visitors Bureau, has informed me the strike is causing more than \$2,225,000 in losses per week in the visitor industry alone.

Mr. M. L. Randolph, president of the Chamber of Commerce of Honolulu, has called the strike "a serious threat to Hawaii's tourist industry." He said the situation is "critical" and declared that continuation of the strike will be seriously detrimental to Hawaii's economy.

The Hawaii Island Chamber of Commerce in Hilo, Hawaii, our largest island, which is rapidly enlarging its tourist facilities, cabled me stating that prolongation of the airlines strike will have extremely harmful effect on our tourist industry and agricultural export industries.

Mr. President, Hawaii is by no means the only State adversely affected, although I believe it is the hardest hit because of our mid-Pacific location and near-total dependence on air service for the traveling public.

According to an article in the Wall Street Journal today, the Greater Miami, Fla., area hotels are losing \$400,000 a day in lost tourist business. The same article reports \$500,000 a day is being lost in New York City by the tourist industry. This is the estimate of the city's visitors and convention center.

In San Francisco, it is reported 10,000 Shriners are still stranded from last week's convention because of the airline mechanics strike.

All over the Nation, people and business, including many small businesses dependent on the tourist trade and the air traveling public, are feeling the pinch. Economic losses are mounting and mounting fast.

\* \* \* \* \*

Mr. President, I ask unanimous consent to have printed in the Record at this point several cables I have received from Hawaii showing the urgent need for prompt settlement of the strike. I also ask unanimous consent to have printed the Wall Street Journal article entitled, "Airline Strike Plagues Many Firms as Mail Shipments, Travel Plans Are Thrown Off."

There being no objection, the cables and article were ordered to be printed in the Record, as follows:

HONOLULU,  
July 12, 1966.

Senator HIRAM L. FONG,  
Senate Office Building,  
Washington, D.C.:

Today sent following wire to CAB: "Urgently request your immediate consideration for temporarily lifting of Cabotage regulations covering foreign-flag air carriers Honolulu-Mainland and Mainland-Honolulu. Action requested would enable additional forecast of 1700 seats being available per week. Present operating carriers insufficient equipment to handle traffic. Hawaii situation unique due to geographic location and almost total dependency of traveling pub-

lic on air carriers." Would urge you lend weight of office and contact Civil Aeronautics Board re our wire requesting temporary lifting of Cabotage regulations covering foreign-flag carriers Honolulu-Mainland and Mainland-Honolulu. Forecasted strike losses exceed \$2¼ million per week for visitor industry.

ROBERT ALLEN,  
*Hawaii Visitors Bureau.*

HONOLULU,  
*July 12, 1966.*

Senator HIRAM L. FONG,  
*New Senate Office Building,  
Washington, D.C.:*

This wire sent today to President: The current strike against five major airlines two of which serve Hawaii is a serious threat to Hawaii's tourist industry. Visitors constitute a major source of our income. Continuation of the strike will be vitally detrimental to our economy. We urge your personal influence in finding an immediate solution to this critical situation.

M. L. RANDOLPH,  
*President, Chamber of Commerce of Honolulu.*

HILO, HAWAII,  
*July, 11, 1966.*

Hon. HIRAM L. FONG,  
*U.S. Senate,  
Washington, D.C.:*

Appreciate your efforts to bring all possible pressure to bear for prompt settlement of airlines mechanics strike. Prolongation will have extremely harmful effect on our tourist industry and agricultural export industries.

HAWAII ISLAND CHAMBER OF COMMERCE.

[From the Wall Street Journal, July 13, 1966]

#### AIRLINE STRIKE PLAGUES MANY FIRMS AS MAIL, SHIPMENTS, TRAVEL PLANS ARE THROWN OFF

The five-day-old airline strike, a severe annoyance to vacation travelers over the weekend, has become a major workaday nuisance for many of the nation's businesses.

Consider the difficulty it has caused John L. Daly, manager of the speaker-training service of Smith Kline & French Laboratories, Philadelphia. Scheduled to address a seminar in Spokane, Wash., today, Mr. Daly was forced to trek by train and plane from Philadelphia to New York, Toronto and Calgary, Alberta, where he spent the night. This morning, if all goes well, he will arrive in Spokane.

With five of the nation's major airlines closed down, Mr. Daly's circuitous odyssey isn't particularly unusual. Other traveling executives must take similar time-consuming detours if they want to reach destinations, and many of them have decided it isn't worth the trouble.

#### WIDESPREAD IMPACT

The strike is hitting business in a multitude of ways. Hotels, resorts and travel agents are losing peak summer trade. Scattered lags in air freight have caused production delays at a few plants that receive parts by air. Lobsters are going unsold in Maine, flowers are wilting far from the florist shops they can't reach and thousands of marketable mice are stranded in Wilmington, Mass.

The walkout has been a boon, of course, to railroads, bus lines, "air taxis" and the airlines that weren't struck, but the blessing is mixed. These carriers, most of them already operating at peak levels when the strike began, are straining their capacity to take up the slack left by the strike, which affects more than 60% of the domestic trunk airline service.

The nation's hotel and resort operators were among the first to feel the impact of the strike. The Florida Hotel Association figures the walkout is costing the greater Miami area \$400,000 a day in lost tourist business. New York

City's Visitors and Convention Center puts the loss to the city at \$500,000 a day and an official adds that by Wednesday the tourist business, New York City's second-largest industry, "will really be feeling the pinch."

The Grand Hotel on Mackinac Island, Mich., had vacancies in 25 of its 300 rooms Sunday night because guests failed to show up. The Sahara Hotel in Las Vegas says its occupancy is down 7%. "There have been numerous instances of guests being forced to extend their stays, but it hasn't offset the cancellations," an official says. Cancellations at the Pittsburgh Hilton are running to 27% of total reservations, compared with 5% normally, and the hotel is only half-full.

#### STRANDED SHRINERS

In San Francisco, some 10,000 Shriners still are stranded from last week's convention, but "no-shows" at the city's largest hotels are beginning to mount. Holdover guests offset the strike's impact in many places, but they also can cause problems, says Melvin Allison, executive assistant manager of the Biltmore Hotel in Los Angeles. He spent yesterday morning trying to get "a 185-pound, 84-year-old woman in ostrich feathers" back to her home in London. Pan American World Airways, which flew the woman to Los Angeles, can't get her a return flight until after July 22.

Despite delays in arrivals, however, most big conventions intend to go ahead as planned. The Chicago convention bureau is sticking to its initial estimate of 65,000 conventioners this week; the National Housewares Manufacturers Association reports that 30,000 visitors registered for its convention Monday, and the remaining 20,000 that had been invited were expected to check in yesterday.

Travel agents are singing the blues. "We're losing at least 30% of our business each day," moans Marilyn Bogart, a partner in Chicago's VIP Travel Agency. "If the strikes continues, it could mean a 50% reduction in the number of people handled through this agency," groans G. M. Balta, vice president of Adams Travel Bureau, Inc., in Philadelphia. A travel agent at Paul Browne Associates in San Francisco adds, "One of our biggest problems is getting in touch with airlines that are still operating. We were on the hold button on the telephone for two hours and twelve minutes at Western Airlines Monday, just trying to call in for reservations."

"This strike couldn't have come at a better time for us, since the first two weeks in July are normally the slowest of the year," says a Boston-based official of Flying Tiger Line, Inc., which specializes in air freight. In Los Angeles, the line's director of sales, Paul J. Finazzo, says its westbound freight backlog is about 500,000 pounds, up from the 50,000 to 100,000 pounds normal for this time of year. He says Flying Tiger is "running the pants off" its fleet, but adds, "Even if the strike were to be settled today, it would be a minimum of a week before air freight traffic movements would get back on schedule."

#### PROBLEMS IN AIR SHIPMENTS

American Airlines, a major nonstruck carrier, also is carrying freight, and in some parts of the country air freight haulers are sticking fairly close to schedules. But in others, manufacturers dependent on air shipments are running into problems. Ampex Corp., Redwood City, Calif., says instrumentation-recorder parts being shipped from Tennessee were "bumped from the plane by mail" and held up for three days, delaying the company's production.

In Baltimore, the Martin Co. division of Martin Marietta Corp., which normally ships about 5% of its volume by mail, says delays are running a half-day to a day on both inbound and outbound shipments. Often freight has to be routed circuitously if it is to arrive at all. "Each day is a new problem," says a spokesman, "and the paperwork is building up tremendously because of extra bills of lading."

"We're using special delivery, air parcel post, railway express, as well as air freight to move our component parts, but were still experiencing delays," says a spokesman for Motorola, Inc., Chicago. "We haven't had to shut down any production lines yet, but another week of this and we might get really bogged down."

#### LOBSTER SHORTAGE

Sometimes firms will go to extraordinary lengths to get freight through. Says a spokesman for Electronic Specialty Co., a Los Angeles electronics maker: "To get a hot order to New York, we sent a shipment of electronic devices along as excess baggage with an executive who had space on a New York flight."

Another victim of the strike is the lobster industry. John Hines of Hines & Smart, a large Boston-area lobster dealer, says the airline walkout is costing the three largest lobster dealers a total of about \$1,000 to \$1,500 daily in lost shipments. The shortage of lobsters and other East Coast seafood already is beginning to be felt in restaurants as far away as San Francisco.

New York's big wholesale cut flower business also has been hit hard by the strike. Carl Sauter of A. Sauter & Co. says flowers are "lying in the sun" at California airports because there aren't any planes to carry them. He adds that prices on many California flowers already have risen 5% to 10%. A New Orleans florist says roses shipped by air from California Thursday didn't arrive until Sunday. After such a delay, "all you can do is throw them in the garbage can," he complains.

Charles River Mouse Farm, Wilmington, Mass., also is "crippled" by the strike, according to Henry Foster, president. The farm normally ships about 80,000 mice and rats a week to research laboratories. Currently about half the livestock is grounded, but a World War II bomber pilot was hired to fly a specially delicate shipment—20 crates of pregnant mice to a University of Pittsburgh lab.

#### ALTERNATE TRAVEL JAMMED

Most railroads, bus lines and air charter services report they are jammed to capacity. In New York's Pennsylvania Station, the Pennsylvania Railroad stationed a man yesterday with a bullhorn and a walkie-talkie to direct passengers to proper ticket windows. Company planes also were in heavy use; traffic control officials at Chicago's O'Hare International Airport report departures of company-owned aircraft were running three times higher than normal.

Company planes couldn't take up all the slack, however, and many trips had to be abandoned. Ford Motor Co., for example, had to postpone the shooting of publicity pictures of its 1967 cars because it couldn't get its photographers from Detroit to Los Angeles.

Instead of traveling, many businessmen apparently are deciding to use the telephone, and American Telephone & Telegraph Co. says on Friday and Monday, the first two working days of the strike, the volume of long distance calls was 10% to 15% above normal.

The strike also is hampering the collection of checks drawn on commercial banks, but the slowdown may be a blessing to the bankers. Because the banks are given credit for the uncollected checks in computing their reserve requirements, the increase in the "float"—or total of checks in the process of being collected—promised to boost at least temporarily the amount of cash they have available for lending.

[From the Congressional Record, July 15, 1966]

Mr. FONG. Mr. President, the mounting economic losses and hardship suffered by American travelers, workers, and businesses, as a result of the prolonged airline mechanics strike, compels me once again to renew my plea to the President to intervene personally.

\* \* \* \* \*

With each passing day the adverse impact of the airline strike, becomes more heavily felt in Hawaii, where tourism is our second major industry and where the vast majority of tourists come by air.

Pan American Airlines, the only domestic scheduled airline still operating to serve Hawaii and the U.S. mainland, is striving valiantly to accommodate stranded tourists and persons who must travel on business or family matters. But obviously Pan American cannot overnight take care of the thousands of passengers formerly carried by the other two major airlines serving Hawaii and the mainland, who are now grounded.

Two days ago I reported in the Senate the Hawaii Visitors Bureau estimate that the tourist industry in Hawaii loses \$2,225,000 each week the strike continues. Based on this, the State of Hawaii could lose about \$2 million in secondary earnings and about \$200,000 in taxes, according to estimates of informed observers.

The Hawaii Visitors Bureau estimates that my State is losing between 1,200 and 1,400 visitors a day because of the airline strike. The average visitor stays about 2 weeks and spends about \$450 in the Islands.

Occupancy rates in hotels on one of our neighbor islands, Kauai, have dropped anywhere from 7 to 20 percent. Continuation of the strike impedes Kauai's

strenuous efforts to build up its tourist industry, so desperately needed to create jobs for the people of Kauai and the economy of the Island.

All our major neighbor islands are suffering the backlash of this strike, which is curtailing tourism in Hawaii at the very peak of our tourist season. Many people depend on income from the peak periods to tide them over during slack periods.

The chairman of the county of Hawaii, Mr. Shunichi Kimura, has advised me that the removal of some 34 scheduled flights daily to Hawaii will have a progressively deteriorating effect on our economy which is so closely geared to the visitor industry.

Furthermore, he says:

"Our particular Island of Hawaii suffers in the matter of air agricultural export as well. Prolongation of the strike therefore hurts us today badly in our two principal industries."

Mr. Sidney Kusumoto, President of the Japanese Chamber of Commerce wired me asking immediate solution to the airline strike "to avoid hampering of economy."

Some shops in Waikiki report a "drastic decrease" in business. One of Hawaii's leading department stores, Liberty House, advised me the strike "is affecting our tourist business movement of fashion merchandise from the mainland to the islands" and also "affecting our Hawaii customers ability to mail merchandise to the mainland and movement of our personnel to mainland markets."

One of our inter-island airlines, Aloha Airlines, informed me the impact of the strike has been "already felt" and if the strike continues it "will seriously affect tourist industry and island economy."

The Royal Hawaiian Division of Castle & Cooke reports the airline strike is "causing great distress."

One tour service advised me it had just canceled reservations for 115 people who are unable to come to Hawaii because of the strike.

Another tour group asked for help in expediting a settlement, stating the administration has been "lax in allowing the situation to last this long." I certainly agree.

Mr. President, I could continue the sad recital of adversities occasioned by the airline strike, but I will instead ask unanimous consent to have printed in the Record at the conclusion of my remarks the wires and correspondence I have received on the strike, together with pertinent news stories on Hawaii's plight.

There being no objection, the telegrams and correspondence were ordered to be printed in the Record, as follows:

SAN FRANCISCO, CALIF.,  
July 11, 1966.

The Honorable HIRAM FONG,  
U.S. Senate,  
Washington, D.C.:

Present airline strike causing great distress to Royal Hawaiian Division of Castle & Cooke. Respectfully urge your good efforts be directed toward rapid settlement.

FRED SIMPICH.

HONOLULU, HAWAII,  
July 14, 1966.

Senator HIRAM L. FONG,  
U.S. Senate,  
Washington, D.C.:

On behalf of Hawaii economy please assist in expediting settlement of airline strike. Feel administration lax in allowing situation to last this long.

E. PRESTON CHAPIN, JR.,  
President, Adventure Tour Travel Service.

HILO, HAWAII, July 14, 1966.

Senator HIRAM FONG,  
U.S. Senate, Washington, D.C.:

Japanese Chamber of Commerce requests immediate solution to airline strike to avoid hampering of economy.

SIDNEY H. KUSUMOTO,  
President.

Senator HIRAM FONG,  
Senate Office Building,  
Washington, D.C.:

This agency has just cancelled reservations for 115 people unable to come to Hawaii due to current airline strike. Urgently request your intervention in order to avoid continued loss of revenue to Hawaiian economy.

PAGEANT TOURS,  
GERRY JORDAN.

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HONOLULU, HAWAII, July 15, 1966.

Senator HIRAM FONG,  
U.S. Senate Office Building,  
Washington, D.C.:

Existing airline strike is having damaging effect on tourist business large and small operators. If allowed to continue will create a disastrous economic hardship on all. Your continued efforts are imperative.

NATIONAL CAR RENTAL,  
DUANE T. PROBST,  
Executive Vice President.

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HONOLULU, HAWAII,  
July 14, 1966.

Senator HIRAM FONG,  
New Senate Office Bldg.,  
Washington, D.C.:

Appreciate your efforts in connection with current airline strike. Urge your continued efforts to bring immediate settlement. If strike continues will seriously affect tourist industry and island economy. Adverse impact already felt by Aloha. [Airlines.]

CHAR ALOHAWAII.

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HONOLULU, HAWAII,  
July 14, 1966.

HIRAM FONG,  
Senate,  
Washington, D.C.:

Surely there is something you can do to expedite an early settlement of airlines strike. We find it affecting our tourist business; movement of fashion merchandise from the mainland to the islands; also affecting our Hawaii customers ability to mail merchandise to the mainland and movement of our personnel to mainland markets has been curtailed. Will appreciate anything you can do.

E. A. ATTERBURY,  
General Manager, Liberty House.

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COUNTY OF HAWAII,  
Hilo, Hawaii, July 11, 1966.

Hon. HIRAM L. FONG,  
U.S. Senator,  
New U.S. Senate Building,  
Washington, D.C.

DEAR HIRAM: I am well aware of your interest and concern in the matter of the airline mechanics strike now in progress. This strike has removed some 34 scheduled flights daily to Hawaii and will have a progressively deteriorating effect on our economy which is so closely geared to the visitor industry.

Our particular Island of Hawaii suffers in the matter of air agricultural export as well. Prolongation of the strike therefore hurts us badly in our two principal industries.

I know that you will do everything in your power to assist in bringing about an early strike settlement. Please use this message as you see fit to convey our expression of concern and dismay to all interested parties.

Yours very truly,

SHUNICHI KIMURA,  
Chairman and Executive Officer.

[From the Honolulu Star-Bulletin, July 12, 1966]

## TOURIST ARRIVALS SLOWED BY STRIKE

The Hawaii Visitors Bureau estimated today that the State is losing between 1,200 and 1,400 visitors a day because of the airline strike.

The average visitor stays two weeks and spends about \$450 in the Islands.

"We're beginning to feel this effect right now," said Robert C. Allen, H.V.B. executive vice-president.

Hawaii has not yet lost a sizable number of convention groups, other H.V.B. sources said.

About 1,100 Shriners in five post-convention tour groups came here from California. About 1,500 were expected.

But only 40 of an expected 150 visitors in a United States Conference of Glaziers and Glassblowers Tour Group arrived.

Millions in losses to Hawaii could come from the strike, economists indicated.

The State could lose about \$2 million in secondary earnings and about \$200,000 in taxes, if the H.V.B.'s estimate of a \$2¼ million weekly loss of visitor industry earnings is correct.

Nora Kirkpatrick, economist for the First National Bank, said that secondary dollar turnover from visitor money would nearly equal the amount visitors spend in the Islands.

She said that the state normally would derive taxes of about 10 percent on the money.

[From the Honolulu Star-Bulletin, July 12, 1966]

## STORES FEEL STRIKE PINCH

Island shops and inter-Island tour services reported the first ill effects yesterday of the airline strike, but most hotels remained nearly filled and businessmen generally said that it was too early to determine any strike effects.

Doyle C. Alexander, of the Honolulu Chamber of Commerce, said Waikiki store owners reported conditions ranging from a "drastic decrease" to "not too bad."

"The shops are being hurt because the visitors that are here already have done their shopping," Alexander said.

Inter-Island Tours and Island Holidays tours services both reported cancellations, but said that they would not feel the full effect of the strike until the end of the week.

Meanwhile, Pan American Airways' standby space decreased, but a spokesman said the real pinch would not be felt until the weekend.

"If this strike goes on through the week, we're really going to have a problem," he said.

"United Air Lines flights for this weekend were booked full, and so basically were ours."

Pan American announced this morning that all regular flights to the West Coast are booked solidly but that an extra plane would be added to today's schedule.

Leaving at 5 p.m., the plane will carry 161 passengers. The Pan American spokesman said that about 200 persons were on standby this morning at the airport.

Pan American planes arriving from the West Coast have as many as 10 empty seats, an unusually large number for this time of year.

Airline-related businesses reported reduced volume yesterday because of the strike.

Spencecliff Corporation, which caters meals for some airlines, reported that it is preparing about 1,800 fewer meals each week.

Air New Zealand has stopped flying beyond Hawaii to Los Angeles because of the strike.

Flower lei sellers at Honolulu Airport also have felt the pinch of the strike as passengers worried more about getting aboard a plane than about flowers.

Martina Makalino, past president of the Hawaii Flower Lei Sellers Association, said vendors have cut back on the number of flowers they buy.

She said some of the airport lei stands are having difficulty earning enough to pay for their flowers.

Northwest Airlines has laid off 11 reservation and transportation agents, according to the airline's Hawaii sales manager Herbert H. Churchill.

But United has not laid off anyone yet, and Quantas, which handles maintenance for Northwest, has not trimmed its staff.

"It has not affected us at all, and unless it goes on indefinitely, we would not expect it to," said Hartley E. Shannon, engineering manager for Quantas.

## TICKET SALES

Even the struck airlines continued to do some business. A United spokesman said the airline's downtown ticket office sales had decreased only 23 percent, though Waikiki ticket sales were off 62.5 percent. The company sold \$7,000 in tickets Friday, the day the strike began.

Northwest also has kept its ticket office open. Churchill said the airline's real problem is in dealing with week-end tour groups.

The board has been flooded with calls from worried travelers. A reservation agent reported that some 5,000 calls came in on Friday. Calls have continued at twice the normal rate since the strike began.

Pan American has urged would-be passengers to check at a special standby desk at the airport.

Both the strike-grounded airlines have been shifting freight to Pan American and other carriers. United said its freight load for the week preceding the strike totaled 42,000 pounds.

Northwest Airlines shifted 10,000 pounds of freight to Pan American.

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[From the Honolulu Advertiser, July 12, 1966]

## KAUAI HOTELS BEGINNING TO FEEL STRIKE PINCH

LIHUE.—The airline strike is beginning to affect Kauai hotels, with occupancy drops ranging between 7 and 20 per cent.

Canceled tour groups appear to be the major cause of the empty hotel rooms.

Glenn Lovejoy, manager of the Kauai Surf, the Neighbor Islands' largest hotel, said, "We're beginning to show space, which normally is rare at this time of year.

"Instead of the expected 97 percent, we're running about 90 per cent, and it will get worse as the strike gets longer.

"The first class rooms appear to be the most seriously affected.

A more marked drop was reported by the Prince Kuhio Hotel at Poipu. Manager Bob Lloyd estimated the resort is running about 20 per cent below normal.

Hardest hit were tour groups that came in over the weekend. Because of the strike, they had to be split into two groups, with some arriving Saturday and the remainder Sunday.

"As a result, we had plenty of empty rooms Saturday night," Lloyd said. "And we've had one entire tour cancel next weekend."

Most of the small hotels and motels were not hit as hard because they generally cater to Honolulu businessmen and visitors rather than Mainlanders.

Hanalei Plantation manager Barry Yap said, "It hasn't hit us yet, because we usually don't feel things until a week or ten days after Honolulu."

Lloyd was about the only one who saw a bright spot in the strike.

"We use a lot of college students as workers in the hotel, and as a rule they all quit right after the fourth of July.

"Their leaving this year coincided with the strike, so we've got a little breathing space to find new employes."

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[From the Congressional Record, July 19, 1966]

## PRESIDENTIAL INTERVENTION THE ONLY PRACTICAL WAY TO END AIRLINES STRIKE

Mr. FONG. Mr. President, the airline mechanics strike, which has grounded five major U.S. airlines carrying 60 percent of the Nation's air traffic, is now dragging into the 12th day.

Every mail delivery and every daily newspaper from Hawaii brings fresh evidence of the rising financial plight of people and businesses in the Islands as a result of the strike.

Many people seem to think Congress should enact legislation to end the strike. This appears to me a very faint hope, for so far I have not heard one word from

the majority leadership in control of Congress that they intend to initiate legislation to end the airlines strike or indeed to take any action whatsoever.

Neither have I heard any announcement that the appropriate legislative committees of Congress are working—or even studying—ways to protect the public interest in this costly labor-management dispute.

Today, therefore, I have written to the chairman of the Senate Committee on Labor and Public Welfare, the chairman of the Senate Committee on Interstate and Foreign Commerce, and the chairman of the Senate Labor Subcommittee urging steps toward standby emergency legislation should this become necessary. I have also asked the Labor Committee to undertake a comprehensive study of feasible alternatives to protect the public interest in such disputes affecting the national interest.

There are those who say the administration is doing all it can and that the Civil Aeronautics Board has taken steps to provide extra air service in this emergency situation.

The Civil Aeronautics Board has authorized certain nonstruck domestic airlines to service additional points along their routes. However, these airlines were already operating at near capacity and cannot accommodate the large number of passengers now deprived of air service. Neither do these lines have sufficient additional aircraft and equipment to fill the huge gap left by grounding of five airlines who formerly carried 60 percent of the Nation's air traffic. Charter airlines cannot provide all the extra space either as most of them are already heavily booked.

Even though the Civil Aeronautics Board authorized nonstruck lines to lease equipment of the struck lines, we have seen how this move was in effect nullified by refusal of crews to service any equipment leased from struck lines.

It has also been suggested that the CAB suspend the sabotage laws so as to permit foreign airlines to render domestic passenger service in the United States. But the CAB advises this is not permitted by law. An act of Congress would be necessary and Congress is not likely to legislate at this point in this complicated area. Further, this would be very time consuming, when what is needed is a prompt settlement of the airlines strike.

Add it all up, and what the CAB has been able to do is negligible.

The only practice avenue that can achieve a prompt settlement is massive and determined intervention by the President, such as he used to prevent a steel strike last fall.

The need is obvious.

Because of the strike, Hawaii is losing 1,200 to 1,400 tourists a day and \$4½ million a week in revenue from tourism and related industries. In one of our islands, hotel occupancy is down 7 to 20 percent. Another reported 70 to 80 percent cancellations; another 50 percent. In Waikiki, where normally at this season all hotels are filled to capacity, there are 500 vacancies. Retail shops and tour groups are feeling the pinch.

The longer the strike continues, the worse everything will be.

Hawaii's tale of woe is repeated in many areas of the country. Economic losses and personal hardships are snowballing.

In my two Senate statements last week on this deplorable and intolerable situation, I cited these adverse repercussions of the airlines strike.

Today I call attention to the adverse impact on the Federal Government.

The strike is costing the Federal Government tax revenues, income desperately needed to help keep the Government from sinking further into the red.

No one knows yet exactly how much tax revenue is being lost, but we can perceive where losses are occurring: in the Federal income tax on earnings of the struck airlines, who are losing an estimated \$7 million a day; in the Federal income tax on earnings of employees now out of work as a result of the strike; and in the Federal income tax earnings of the tourist and allied industries and businesses whose sales and earnings are declining because of the strike.

In addition, the Federal Government is losing the 5 percent air transportation tax for every passenger who can no longer use the airlines. This must be a sizable amount by now.

Even though essential military passenger travel and cargo may be airlifted despite the strike, how are the thousands of defense contractors and subcontractors faring? Are their personnel, engaged in defense efforts, hampered by lack of flight space? I hear reports that these defense activities are indeed curtailed by the strike. Interference with private defense efforts, as distinguished from strictly military activities, will be more and more seriously felt as the strike goes on.

A further impact of the strike which should cause concern among Federal officials is the slowdown in the Nation's economy by a strike of these proportions. On Sunday, it was announced that the Nation's economic growth in the April-May-June quarter this year decidedly slowed down. The gross national product increased only \$10.8 billion, the smallest gain since the fall of 1964. More than half of this reflected inflation. The real gain was only \$4.8 billion.

As a result of higher taxes and lower economic activity, disposable personal income of the American people advanced only \$4.6 billion, less than in any quarter since 1963.

By allowing the airlines strike to continue, the administration is contributing to the downturn of our economy.

The American people would welcome a downturn in the high cost of living which continues to soar, but a downturn in productivity worries a lot of people. An economic setback could have a disastrous effect.

By allowing the strike to continue, the administration also is contributing to unemployment. More and more workers, apart from the striking mechanics, are being laid off. With each day, unemployment grows.

\* \* \* \* \*

Mr. President, I ask unanimous consent to have printed in the Record telegrams and letters which have been received by me in connection with this matter, and several newspaper articles.

There being no objection, the telegrams, letters and articles were ordered to be printed in the Record, as follows:

HONOLULU,  
July 16, 1966.

Hon. HIRAM L. FONG,  
Congress of the United States,  
U.S. Senate, Washington, D.C.:

Crippling air transportation strike is hurting Dole because of difficulties in maintaining adequate personal contact necessary due separation production and marketing facilities located on mainland and in Hawaii anything adverse to Hawaii economy hurts all Hawaii business.

Know you will use your good offices to bring pressure to bear providing legislation enacted to prevent devastating disruption of this kind. Kindest personal regards.

W. F. QUINN.

HONOLULU,  
July 15, 1966.

Senator HIRAM FONG,  
Washington, D.C.:

Entire membership Hawaii Hotel Association greatly concerned with present airline strike and adverse effect on economy of Hawaii. Your continued effort to alleviate situation imperative.

WILLIAM H. CHARLOCK 3d,  
President, Hawaii Hotels Association.

HONOLULU,  
July 16, 1966.

Senator HIRAM FONG,  
U.S. Senate, Senate Office Building,  
Washington, D.C.:

Airline strike disastrous to hotel economy. Please help to terminate.

FOSTER TOWER HOTEL.

HONOLULU,  
July 16, 1966.

Hon. HIRAM FONG,  
New Senate Office Building,  
Washington, D.C.:

In view impact airline mechanics' strike on economy of Hawaii, urge you do all possible towards expediting settlement.

W. M. BUSH,  
Executive Vice President, Castle & Cooke, Inc.

LĪHUE KAUAI, July 16, 1966.

Senator HIRAM FONG,  
Senate Office Building,  
Washington, D.C.:

Airline strike disastrous. Welfare of 60 Grayline employees and families seriously affected by lack of tourist. Please help.

JOHN S. GILRUTH,  
Achors Grayline, Lihue Kauai.

HONOLULU, July 16, 1966.

Senator HIRAM FONG,  
Washington, D.C.:

Your personal assistance urgently required to settle airline strike causing Hawaii visitor industry crisis.

MAHALO WAIKIKIAN, Hotel Staff.

HILO, HAWAII, July 18, 1966.

Senator HIRAM FONG,  
U.S. Senate,  
Washington, D.C.:

Need urgent congressional action in airline strike. Unrecoverable loss to business mounting because of tourist cancellations. Other businesses suffering. Please, Kokua.

Slim Holt Tours and U Drive MacKenzie Tours, Arquero Tours and Udrive, Hawaii Transportation Co., Jack's Tours and Udrive, Duarte Orchard Island Tours.

HONOLULU, July 19, 1966.

Senator HIRAM L. FONG,  
U.S. Senate,  
Washington, D.C.:

Members of the Hawaii Restaurant Association ask all possible measures be taken immediately to stop airline strike seriously affecting restaurant and food service business. Economy of whole State being affected. Hawaii needs action now. Aloha.

JOHN FELIX, President.

HONOLULU, July 18, 1966.

Senator HIRAM FONG,  
U.S. Senate,  
Washington, D.C.:

Airline strike extremely detrimental to Hawaiian economy. Please request Executive pressures for settlement.

GEORGE G. GAUGLER,  
Manager, Sears, Roebuck, Honolulu, Hawaii.

MAUI CHAMBER OF COMMERCE,  
Wailuku, Maui, Hawaii, July 15, 1966.

Hon. HIRAM L. FONG,  
The U.S. Senate,  
Washington, D.C.

DEAR SENATOR FONG: For your information, the Maui Chamber of Commerce today sent the following message to President Johnson:

"Airline Strike Detrimental to Tourist Industry at Seasons Peak. Your Considered Intervention Urgently Requested."

Sincerely,

WEBB BEGGS, Jr., Manager.

WAIKIKI JAYCEES, July 14, 1966.

Senator HIRAM L. FONG,  
U.S. Senate,  
Senate Office Building,  
Washington, D.C.

DEAR SENATOR FONG: The General Membership of the Waikiki Jaycees at its meeting on July 13, 1966 recommended that we write you regarding the paralyzing airline strike that has hit Hawaii. As you know, the only fast and efficient means of transportation between Hawaii and the mainland is by air and at present there is only one U.S. carrier transporting passengers.

The hotels are already complaining of numerous cancellations thus it is imperative that before this strike becomes devastating to our economy it is brought to an early settlement. We are in effect asking you to use the power of your office to take whatever action you believe might be necessary to cease this serious threat to Hawaii's economy.

Mahalo for your immediate attention to this request.

Sincerely,

GEORGE A. MORRIS, *President.*

BANK OF HAWAII,  
Honolulu, Hawaii, July 14, 1966.

HON. HIRAM L. FONG,  
U.S. Senate,  
Senate Office Building,  
Washington, D.C.

DEAR SENATOR: Mr. Edward A. Schneider is vacationing at the present time, but I know he would want to join our Management Team in expressing our bank's concern with the air line situation.

As we are all aware, the effect of a continuation of this strike will have a serious, even though temporary, impact on the economy of our State.

Knowing full well that you are exerting every effort to aid in the early solution of the problem, we wish to convey to you evidence of our support and appreciation.

Sincerely,

C. D. TERRY, JR.

[From the Honolulu (Hawaii) Advertiser, July 15, 1966]

#### STANDBY LINE KEEPS GROWING DESPITE ALL OF PAN AM'S EFFORTS

(By James Cunningham)

Twelve Pan American World Airways jetliners left fully loaded for the West Coast yesterday, but the standby waiting line at Honolulu International Airport lengthened by the hour.

With the help of a 147-passenger extra section early yesterday, PanAm had whittled the standbys to 35 at 6:30 a.m.

By 5 p.m., however, there were 200 persons waiting.

Meanwhile, a false rumor demonstrated that there are many people who want to go to the Mainland, yet are unwilling to sit it out at the John Rodgers Terminal.

A radio announced misread Pan American's morning announcement that it would operate 12 regular schedules yesterday. Instead, he broadcast that Pan American would fly 12 extra sections in addition to the regular schedules.

The carrier's switchboard promptly lit up as calls for space poured in.

Hotel occupancy continued near capacity in Waikiki. At the Hilton Hawaiian Village it was 90 per cent and is expected to soar to 100 per cent Monday on the strength of fresh bookings by passengers with confirmed space on Pan American.

Despite 40 no-shows at the Sheraton Hotels Wednesday night, occupancy was 98 per cent at Moana-Surfrider, 98 per cent at the Royal Hawaiian and 84 per cent at the Princess Kaiulani.

In a move which might be interpreted as a sign that it fears a lengthy strike, United yesterday canceled a reception which the carrier's president George E. Keck was to have held at the Ilikai on July 22.

In a form letter to those who had been invited, Hawaii sales manager Bruce W. Bolton said:

"While we are hopeful of an early settlement of the strike, it would not now be possible for Mr. Keck to visit Honolulu next week. When he reschedules his trip at a later date, we will, of course, again extend our invitation."

Keck has been touring Australia and the Far East with two other top executives in connection with United's aspirations for transpacific routes.

Local United officials confirmed that Keck is now back on the U.S. Mainland, but declined to say when he returned, nor whether he was accompanied by the rest of his executive party.

The only servicing of United planes here is directed from headquarters of the striking International Association of Machinists.

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[From the Honolulu (Hawaii) Advertiser, July 16, 1966]

#### WALKOUT AFFECTS BIG ISLE

(By Walt Southward)

HILO.—Reaction to the airlines strike here ranged yesterday from "no effect" at some hotels to "heavy effect" at others.

"It's been serious here," said Mrs. Leonetta Kinard, manager of the newly-opened Nalei Hotel. "We've had close to 70 or 80 per cent cancellations. Bookings had been good, until now."

At the Hilo Hotel, Leo Lycurgus said: "We've had about 50 per cent of our Mainland bookings cancel. We're feeling it very much. We had been booked heavily for the summer.

"Some reservations that were made four to five months ago have been canceled."

The Nahiloa Hotel said it still is maintaining about 90 per cent occupancy.

"We're getting some cancellations," Manager Bill Davis said. "We just hope we can maintain the 90 per cent figure. But even if the strike is over tomorrow, we'll still be affected for a few weeks."

At Volcano House, a spokesman said: "We still are holding steady. Our lunch count has been heavy."

"We can feel the effect," William Kimi, manager of the Hilo Bay Hotel said. "The last three days, we've had a lot of walk-in customers. But I can see the decline starting today."

At the Mauna Kea Beach Hotel, Manager Leslie Moore reported a 10 per cent drop in reservations.

"We're losing three of four couples a day," he said, "and I'm afraid it will get worse."

At the Hilo Hukilau, Manager Bill Brown said: "We're holding our own. The remainder of the week, we're booked to capacity. Most groups booked for next week are in the Islands already. But after that, who knows?"

A spokesman for Gray Lines-Hilo said: "So far there has been very little effect. We've had a few individual cancellations, and one large group, but we've been running pretty well."

At Slim Holt Tours, a spokesman said: "We've had a couple of tours cancel out. It's up to about 10 per cent, and starting to add up. The U-drive business is slow, too."

County Chairman Shunichi Kimura has written to all four Hawaii representatives in Congress urging them to push for quick settlement of the strike, and the Hawaii Island Chamber of Commerce has sent similar wires to the Congressional delegation and to President Johnson.

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[From the Honolulu (Hawaii) Advertiser, July 16, 1966]

#### THEY'RE STILL FINDING PLANE SEATS

Travelers willing to camp at Honolulu International Airport yesterday continued to find seats to the West Coast if they were patient enough.

Pan American World Airways, the only U.S. carrier flying there, moved 143 stand-by passengers on nine flights between 6:30 a.m. and 5 p.m.

But there were 350 other would-be passengers still on the waiting list. Pan American spokesman said they hoped to find space for half of them on an additional five flights scheduled out last night.

Meanwhile, the mechanics' strike, which has idled United and Northwest Airlines operations between Hawaii and the West Coast for nine days, yesterday began to affect airmail deliveries here.

Post Office spokesmen reported that airmail between the Islands and the Mainland is moving normally—no hitches.

But some mailings which arrive here mornings from the East Coast failed to show up all day—indicating disruptions of airmail service across the continental U.S.

United Air Lines started laying off non-striking employees on Thursday. By Monday, 87 will be furloughed, spokesmen said.

As of July 24, there will be 190 employees, mostly clerical, working only six hours daily and only 37 at full pay. Striking are 189 members of the International Association of Machinists.

[From the Honolulu Sunday Star-Bulletin, July 17, 1966]

FOR 700 AT ISLE AIRPORT, THE WAITING CONTINUES

A pretty blonde fast asleep on a checking counter \* \* \*

Two elderly Spanish-speaking men, very confused \* \* \*.

Three servicemen playing cards \* \* \* another writing to his girl back home. \* \* \*

These were some of the more than 700 persons waiting to board Pan American World Airways flights at Honolulu International Airport yesterday.

A similar crowd is expected today, the 10th day of the worst airline strike in history.

Pan Am, the only U.S. carrier flying to the Mainland, was busy trying to accommodate stand-by passengers by filling each outgoing flight to capacity.

"These two days (Friday and Saturday) have been the worst, in numbers of people at the airport," said Kaoru Watanabe, Pan Am's airport passenger-service manager.

"A lot of these people have had to stay here overnight, and it has been rough. But I'm simply amazed at how understanding people have been."

Pan Am sent 17 flights to the West Coast yesterday, including two extra sections. At one point, 300 names were on the stand-by list.

On Friday Pan Am accommodated 346 stand-bys, averaging 22 per flight.

Fourteen regular flights and one extra are scheduled today.

One of the patient stand-bys was Mrs. Irene Larson of Santa Barbara, Calif. She had waited at the airport for more than 36 hours before getting a flight late yesterday afternoon.

"It has been very uncomfortable and a bit trying, but the airport people have tried to help as much as they can," she said.

Another woman, stranded "only" 13 hours, said, "I'm furious, but I don't blame this on Hawaii."

Watanabe said United Air Lines employees offered to take passengers home for the night.

Interstate Hosts brought cookies to be served with coffee that's provided throughout each day.

The Honolulu Lions Club has a man on duty day-and-night to assist in any way he can.

Watanabe said the local musicians' union plans to provide entertainment.

[From the Honolulu Star-Bulletin, July 15, 1966]

VACANCIES INCREASE IN WAIKIKI

The strike of five major airlines made new inroads into Hawaii's visitor industry today at it lengthened into its eighth day.

By Sunday there will be about 500 certain vacancies in Waikiki hotels, said Robert C. Allen, executive vice-president of the Hawaii Visitors Bureau.

There probably will be 200 to 300 other vacancies the H.V.B. doesn't know about, Allen said.

Waikiki hotels normally would be filled to capacity at this time of year. The strike also has cut into the revenues of inter-Island carriers.

Hawaiian Airlines has lost about 4,500 customers worth at least \$50,000, a spokesman said today.

Aloha Airlines reported that its mid-day and afternoon flights are running considerably lighter than they normally do at this time of year.

Hawaii ethnic chambers of commerce and Neighbor Islands chambers are joining the Honolulu Chamber in urging Federal intervention.

Frederic K. T. Chun, president of the Hawaii State Chamber of Commerce, yesterday asked President Johnson to aid in settling the strike.

"Hawaii economy critically affected on Statewide basis during air strike. Your help urgently needed," Chun's message said.

Major steamship companies serving the State reported many inquiries from stranded visitors, but few actual bookings.

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[From the Congressional Record, July 21, 1966]

#### THE AIRLINE STRIKE

Mr. FONG. Mr. President, this the fifth time I have risen in the Senate to speak on the airline mechanics strike, now in its 14th day.

On these previous occasions, I have made my position clear. Beginning a week ago yesterday and repeatedly since, I have urged President Johnson to call the parties to this costly dispute into around-the-clock sessions at the White House until a settlement is reached.

I have also urged the chairman of the Senate Committee on Labor and Public Welfare, the chairman of the Labor Subcommittee, and the chairman of the Committee on Interstate and Foreign Commerce to initiate steps toward a legislative remedy in the strike should Congress have to move in to settle it.

I have also urged these committees to begin a comprehensive study of feasible alternatives to protect the American people in labor-management disputes affecting the public interest.

Mr. President, the current strike is a break-and-butter matter to millions of Americans who are affected directly and indirectly by this costly and damaging strike.

The vice president of the Howen Visitors Bureau, Mr. Robert C. Allen, recently said the tourist industry in Hawaii is losing "well above \$2¼ million a week" because of this strike.

Losses to industries allied with tourism in Hawaii are losing well above \$2 million a week and the State of Hawaii is losing \$200,000.

It is reported hotels in Waikiki have dropped to 90-percent occupancy, when ordinarily they would be 100-percent occupied at this tourist season peak. Hotels on our neighbor islands are down to 85-percent occupancy.

One interisland airline reports passenger cancellations at the rate of \$1,500 a day since the strike began.

Another interisland airline reports it has lost \$75,000 in passenger revenue during the strike. Not only that, it is estimated the effects of the strike will be felt for about 10 days after the strike ends.

But the devastating economic impact is not the only target.

Thousands of American workers have been made idle by the strike.

Thousands of American people have suffered hardship. In Honolulu, every day sees hundreds of people stranded at our airport, some with only a few pennies in their pockets. Some cannot even buy their meals and have been subsisting on coffee and cookies distributed by Host International.

A recent article in the Honolulu Advertiser of July 19 reports one mother stranded at the airport with a sick baby and only 35 cents in her purse. The longer this strike continues, the greater will be the human misery. I ask unanimous consent that the entire article be printed in the Record at the conclusion of my remarks.

Mr. President, the American people are entitled to a prompt settlement in this situation. I call on those in control of the executive branch and those in control of Congress to use all the resources at their command to get the planes flying once more.

I ask unanimous consent that several news articles on the strike which appeared in the Honolulu Star-Bulletin and Honolulu Advertiser be printed in the Record at this point.

There being no objection, the articles were ordered to be printed in the Record, as follows:

“[From the Honolulu Advertiser, July 18, 1966]

“STRIKE ENTERS 11TH DAY—TIME FLIES, OTHERS DON'T

“(By Leonard Lueras)

“As the airline strike is entering its 11th day, hundreds of would-be jet setters are still standing by at Honolulu International Airport.

“Pan American Airlines, the only commercial airline flying from Honolulu to the U.S. points on the Mainland, flew 15 regularly scheduled flights and an extra flight to the West Coast yesterday. All were filled.

“As of yesterday afternoon, 80 stand-bys had been accommodated on 10 flights. A Pan Am spokesman reported that ‘July’s weekend traffic is full under normal circumstances, and in this strike situation it’s worse.’

“Pan Am’s offices continue to be flooded with phone calls, but there are only scattered single seats available. No group blocks can be obtained. Extra flights may be added to the daily schedule, but Pan Am officials will not know until 6 or 7 a.m. today.

“Terminals at Los Angeles, San Francisco, Portland and Seattle all have full flights coming to Hawaii, and they are limiting their stand-by lists to 55 persons, United Press International reported.

“Hawaii-bound persons have been told not to go to the airports unless they are on a stand-by list or feel a trip to Honolulu is an emergency. Five San Francisco-to-Honolulu flights yesterday were able to accommodate 31 stand-bys.

“UPI also said the Civil Aeronautics Board has granted World Airways of Oakland permission to sell tickets to Hawaii, but a World spokesman said. ‘Our planes are all tied up so we have to wait until we can sprig one loose.’

“World Airways usually carries only cargo and soldiers on charter.

“Meanwhile, Honolulu stand-bys are trying to dream up new ways to get to the Mainland.

“Ideas include buying a ticket to an international location outside the United States, stopping over in San Francisco, and using the rest of the flight later.

“The most practical air route, as far as expenses go, is Quantas Airlines’ flight to Vancouver via San Francisco. Quantas is booked until Wednesday, but persons can still get a reservation for Thursday or later.

“The only other alternative, via Quantas, is to buy a ticket to London or some other locale via San Francisco. Whichever final location one chooses, he has a year in which to use the complete ticket, if he stops over on the West Coast.”

“[From the Honolulu Star-Bulletin, July 18, 1966]

“AIR STRIKE HAS SLOWED ISLE TOURISM

“The lengthening airline strike cut sharply into Hawaii’s visitor industry over the weekend, spokesmen for the industry said today.

“‘I would place the loss at well above \$2¼ million a week,’ Robert C. Allen, vice-president of the Hawaii Visitors Bureau, said today.

“Hotels at Waikiki will be dropping to 90 percent occupancy or a little lower by tomorrow, Allen said. He said Neighbor Island hotels will be down to 85 percent occupancy.

“Two major sightseeing companies and some concessionaires at Honolulu Airport have begun to furlough employees, Allen said.

“Inter-Island airlines and resorts felt the pinch of the strike this weekend.

“Aloha Airlines reservations are down a spokesman said, and passenger traffic fell off sharply after early flights Saturday.

“Cancellations have come in at the rate of \$1,500 worth a day since the strike began, a spokesman said.

“Hawaiian Airlines has lost about \$75,000 in passenger revenue since the strike started.

“Inter-Island Resorts has lost about 700 guest bookings for the month of July. The strike has not yet begun to cut into August bookings, but probably will by the end of this week.

“‘We think the effects probably will continue to be felt for about 10 days after the strike,’ said Jack Tobin, vice-president of Hawaiian Airlines, predicting additional loss of business.

“‘It’s a tough period for us. The Inter-Island carriers make their profits during the summer months,’ he said.

"Aloha Airlines has been getting only 15 to 25 members of tour groups of 30 to 40 which hold bookings on the airline.

"We can't tell who's going to arrive,' a spokesman said.

"Today the first of the United Air Line's layoffs went into effect, idling 63 stewards, most of whom are Hawaii-based personnel."

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"[From the Honolulu Star-Bulletin, July 18, 1966]

**"NO END OF STRIKE LIKELY FOR AT LEAST A WEEK; AIRLINES, UNION STILL FAR APART**

WASHINGTON.—Pessimistic negotiators predicted today the strike against five major airlines probably will last for at least another week.

"Struck are United, Northwest, Trans World, Eastern and National airlines.

"Now in its 11th day, the strike has shut down all but national defense operations of the five lines and has inconvenienced travelers throughout the nation who have besieged other airlines as well as railroads and bus lines in an effort to carry out summer travel plans.

"The chief union negotiator blamed the airlines for the slow pace of the talks.

"They keep their feet planted in the concrete,' said Vice-President Joseph Ramsey of the A.F.L.-C.I.O. International Association of Machinists.

"Ramsey said extensive layoffs and closing of ticket offices indicate the strike could go on 'for an extended period of time.'

"Chief airline negotiator William Curtin said 'we are a long way apart' as the negotiators walked into a meeting with Assistant Secretary of Labor James J. Reynolds.

"Reynolds, who yesterday compared the pace of the negotiations with the speed of two turtles, had no comment today.

"Curtin said he saw no reason to expect an early settlement.

"He also said he could not dispute estimates that the strike is costing the five airlines \$7 million a day in revenue losses.

"Ramsey said of the estimated strike losses:

"That's their funeral, not ours.'

"Ramsey accused the airline negotiators of taking the attitude of 'the public be damned.'

"He added 'we are not attempting to drag our feet.'

"Ramsey said there has been no progress on one key point—the union's demand for a 36-month contract. The airlines want a 42-month agreement.

"The carriers announced last night that 65,880 airline personnel would be out of work today because of the strike. The figure included striking members of the A.F.L.-C.I.O. International Association of Machinists and other workers who have been furloughed.

"But some 1,100 Trans World Airlines employees, who walked off the job at Cape Kennedy, Florida, when the strike began July 8, voted yesterday by a 3-2 margin to return to work today.

"T.W.A. holds the prime contract for the nation's Moon launch operations on Merritt Island, adjacent to Cape Kennedy. It provides manpower for supply, maintenance and other housekeeping tasks.

"The T.W.A. workers agreed to work under terms of their old contract until a new one is agreed upon. Union officials said last night picket lines around the installation would be removed immediately.

"In addition to T.W.A., the struck lines are United, Eastern, National and Northwest.

"Reynolds, presiding over the talks in Washington, said last night the only progress yesterday was a free exchange of views on the 'substantive issues—certain of the national issues.'

"There are eight of these major problems, including wages, pensions, hospitalization, vacations, overtime and holiday pay.

"Another, separate issue caused the joint negotiations to be broken off Saturday until noon yesterday. It, in substance, is an I.A.M. accusation that Northwest is carrying on commercial operations under the guise of authorized military flights which the union has pledged not to stop.

"Although a union spokesman did not specify what the I.A.M. might do if Northwest does not halt the practices, he promised 'appropriate action.' This presumably would mean again breaking off the talks.

"Northwest has not commented on the union's accusation.

"The airlines gave these figures of the number of employes affected by strike:

"United 21,780 off, 17,000 working.

"T.W.A.—13,700 out of work, 17,800 still working.

"Eastern—19,200 off, 350 working.

"National—5,400 off, 250 working.

"Northwest—5,400 off, 250 working.

"The union is seeking wage increases of about 53 cents hourly over 36 months. The company has indicated it is willing to offer slightly more than the 44-to-48 cents recommended by a presidential panel over the same period.

"Pay levels now range from \$2.25 hourly for janitors to \$3.52 hourly for top-rated machinists.

"The struck airlines agreed to bargain jointly with the union last August. Braniff, Continental and Northeast airlines, with employees represented by the machinists, did not enter into the agreement and were not struck.

"Other non-struck airlines, such as American, have contracts with mechanics represented by the A.F.L.—C.I.O. Transport Workers Union."

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 "[From the Honolulu Advertiser, July 19, 1966]

"ALOHA HELPS EASE PLIGHT OF STRANDED PASSENGERS

"(By Bob Krauss)

"Hawaii's Aloha Spirit, battered by the airline strike, was fighting back at the Honolulu International Airport yesterday.

"Here's the latest battle report:

"An unidentified local housewife brought a picnic basketfull of Japanese kau kau, spread a beach mat on the floor of the terminal and invited half a dozen stranded haole passengers to eat.

"Mrs. Jane Kakelaka, a ground hostess for Canadian Pacific Airlines, gave all the money she had to a woman with a sick baby who had only 35 cents left in her purse.

"Mrs. Aggie Napuunua, a janitress at the airport, regularly unlocks the pay toilets in the women's restroom when the lines get too long, as her contribution to the Aloha Spirit.

"Two airline workers volunteered to donate their time to circulate among the waiting passengers and find those who need help but are too bashful to ask for it.

"Meanwhile, Host International has given away 402 gallons of coffee and 20,468 cookies to stand-by travelers. State Hostesses are giving out pineapple juice. A hula troupe performs for an hour every morning in the terminal.

"Even so, the discomforts of waiting up to three days for a seat on an airplane make it pretty difficult for most passengers to smile at the end of the day.

"There are never enough seats to go around at night,' said Robina Chong of the State Information Center. 'There are about 300 seats here in the main terminal and a few more in the baggage areas. But there are sometimes 500 people waiting for flights.'

"Miss Chong said the stranded travelers sleep on beach mats spread on the floor, on piles of suitcases, on baggage counters and on the lawn outside.

"One middle-aged woman, after spending two nights in a chair at the air terminal, called the Red Cross and asked for a blanket, Miss Chong said.

"There are repeated reports of travelers who have run out of funds because of the delay.

"Porter Robert McKandes said he met three girls who were penniless after waiting for three days at the airport. 'If it hadn't been for the free coffee and cookies, I don't know what they'd have done, he said.

"Janitress Mrs. Rita Homanauuni said she met people who had run out of money. The State Information Center Hostesses have reported the same thing.

"Mrs. Kakelaka, the ground hostess, said she met an almost penniless mother in the women's rest room last Friday.

"She was bathing her baby in a sink because he was feverish,' Mrs. Kakelaka said. 'All she had was 35 cents in her purse. I gave her all I had, \$1.50, and sent her down to the nursery.'

"Few stranded mothers seem to be aware of the complete free nursery, equipped with washers and driers and cribs, on the ground floor of the terminal, the custodians told me.

"One result of the sudden increase in guests at the airport terminal is a bigger workload for the airport janitors. They said they have to mop constantly to clean up spilled Coke and ice cream. But the staff doesn't seem to mind.

"Those poor women," said Mrs. Napuunoo, a motherly Hawaiian. "When there's a big crowd in the women's rest room, I unlock the pay toilets. I just have to. I can't stand seeing them wait so long."

"Mrs. Kakelaka, also Hawaiian, has offered her services along with those of Mrs. Ella Corea, ground hostess for Northwest Airlines, to circulate among the crowds and look for people who need help.

"If somebody will get an Operation Aloha going, Mrs. Corea and I will be glad to volunteer," said Mrs. Kakelaka.

"She said that, in spite of the inconveniences, most of the stand-by travelers manage to stay in good spirits. These included two girls who stripped to their bikinis in the garden area yesterday and took sun baths."

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[From the Congressional Record, July 26, 1966]

#### THE AIRLINES STRIKE

Mr. FONG. Mr. President, the current mechanics' strike against five domestic airlines, which normally carry 60 percent of air travelers and about 70 percent of airfreight, already has cost Hawaii millions of dollars in tourist and related income as well as losses in agricultural exports.

The adverse effects are fast pushing out into many areas of Hawaii's economy causing unemployment, loss of revenue to hotels, restaurants, tour bus and rent-a-car operators, retail shops, farm producers and exporters, and loss of taxes to the State of Hawaii.

Even should the strike end today, and it is not expected to end today, the harsh impact on the people of Hawaii will continue for some time.

News articles in last Sunday's Star-Bulletin and Advertiser detail the economic losses already suffered in Hawaii and the gloomy outlook for the future.

I ask unanimous consent that these articles be printed in the RECORD at this point.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

"[From the Honolulu Star-Bulletin & Advertiser, July 24, 1966]

#### "ISLES FEAR PINCH WILL OUTLAST STRIKE

(By Wallace Mitchell)

"The airline strike that already has cost Hawaii's economy millions of dollars may have a carry-over impact even after the jets are flying again.

"Potential Mainland visitors now making vacation plans are shying away from making reservations for a Hawaiian holiday because of the uncertainty of the strike's duration, according to Robert C. Allen, executive vice president of the Hawaii Visitors Bureau.

"A number of agents on the Mainland are tearing their hair out because they're getting cancellations, although they're trying to hold their customers," Allen said.

"This we are going to feel appreciably after the strike is over because many people who would be available to visit here are making other plans at this time. They will go someplace else."

"Hotels, restaurants and night spots, tour operators and resort and souvenir shops that cater to tourists already are feeling the pinch caused by the 10,000-visitors-a-week slump the strike has caused.

"The effect creeps through the entire island economy as bellmen, waitresses and other service personnel in the tourist industry find themselves with less money to spend than they normally expect during this peak tourist season.

"As of tomorrow," Allen said, "the room availability on Oahu will be about 1,500 rooms.

"That will drop us down to about 85 percent occupancy over-all at Waikiki Beach at a period when it should be 100 per cent—and of course the decline will continue well beyond that.

"On actual passenger count, as of July 20 we had lost about 10,000 visitors and we figure from here on in we'll lose 10,000 a week.

"We are almost 15 per cent behind last month and 27 per cent behind our projections for July. We've had, this month, 53,857 visitors through July 20 while last year the figure was 63,166.

"We're prepared with a program for dispersing information electronically as rapidly as we can once the strike is over on room availabilities to all the carriers and major hotel chains, which we hope will turn this tide around and get us back in business as rapidly as possible."

"The rent-a-car and tour bus operators report staggering revenue losses.

"Based on our pre-book reservations from the Mainland, our business is down 50 per cent," reported Dan DiSesa, comptroller for Hertz Rent-a-Car.

"We do about half of our business at the airports, and this is business we don't think we'll ever regain. On Maui and the Big Island we're really hurting."

"Duane Probst, manager of National U-Rent, also said his Neighbor Island business had been hit the hardest.

"I would say there's probably been a 35 to 40 per cent drop in business at the airport," he said. "That's just a guess, but it's at least 30 per cent."

"Our airport business just isn't doing it," said James E. Oyer, Avis manager.

"They're doing figures that look like February or March, not July."

"A spokesman for Mackenzie Tours estimated business was off at least 30 per cent, and Gray Line Hawaii Ltd. figured the drop at about 10 per cent.

"A spokesman for Spencecliff Corp., Ltd., operators of a string of dining and entertainment spots in Honolulu and on Maui, reported business was off about 25 per cent during the past week in their Waikiki places, a little less on Maui.

"For the Sheraton chain's Royal Hawaiian, Moana-Surfrider and Princess Kaiulania Hotels, group banquets are down 9 per cent for the first 16 days of the strike and 10 per cent off over-all in anticipated food and beverage sales.

"The special event nights at the hotels were reported down by 8 per cent and expected to drop to 20 per cent off pace by the end of the month.

"Robert Burns, Kahala-Hilton Hotel executive manager, said food and beverage business there now is off 20 per cent 'and it's going to be off more."

"We had a good first-of-the-month business, but I'm sure that the whole month will show a 20 per cent drop."

"Room occupancy was about 83 per cent against an anticipated 100 per cent, Burns said.

"This tie-in between food and beverage sales and room occupancy was echoed by Raynor Kinney, executive assistant manager for food and beverage at the Hawaiian Village Hotel.

"Food and beverage revenue depends on the house occupancy—and when that drops, as it has, that revenue drops also," Kinney said.

"Shop operators have been unable to get a reading on the strike's impact on their business.

"I think it's a little too early to say," commented Richard H. Wheeler, president of Andrade & Co., Ltd., that has resort shops in the Royal Hawaiian, Moana-Surfrider and Halekulani Hotels as well as one on Kalakaua Ave. and one in the Sheraton-Maui at Kaanapali.

"The only indication we have is that it has been a depressant on the other islands where we have shops.

"We operate four resort shops here on this island—and all those are showing comfortable increases, from 7 to 30 per cent. On Maui we show a decrease at our shop in the Sheraton-Maui.

"But the traffic still is good in Waikiki and the rate of occupancy in the big hotels where we operate still is pretty good."

"Mitchell Cerka, vice president and treasurer of McInerny Stores, said he believes the strike is 'hurting.'

"A continuation of this airline strike will definitely have an adverse effect, particularly in the Waikiki area," Cerka said.

"It is a little too early to draw any firm conclusions at the retail level because we may have as many tourists as we had last year despite the strike.

"But there's no question but what it is hurting. How much, we cannot measure as yet."

"A spokesman for Liberty House also said business will suffer if the airlines stay grounded much longer.

"We're such an Island store and our customers are mostly Island people and the percentage of tourists is not high in our total traffic," the spokesman said, "so I don't believe we've noticed it although I imagine we will, like everyone else, if it doesn't end soon."

"[From the Honolulu Star-Bulletin & Advertiser, July 24, 1966]

"ON MAUI, THEY'RE HURTING

"(By J. B. Johnson)

"WAILUKU.—Fewer visitors are arriving on Maui because of the nation's airline strike—and those who are coming are cutting their trips short to be available for stand-by space at Honolulu, when it opens.

"Aloha airlines here, which said it did not feel the effect of the strike 'much' the previous weeks, said: 'We are certainly feeling it now.'

"Hawaiian Airlines estimated a drop of about 3,000 passengers from its pre-strike estimates for this past week.

"In the U-Drive and tour field, Maui Island Tours said its business was down 20 per cent, while Paschoal's Grayline reported 'little effect so far.'

"Hertz said that rental autos are being returned early so visitors can get back to Honolulu and start making sure of their airline space to the Mainland. Hertz also noted an increase in 'no-shows' and a 20 per cent drop in business.

"Hotels in the Kaanapali resort area also are experiencing a drop in business, with Sheraton-Maui reporting a loss of about 10 per cent occupancy. A spokesman said the strike 'is affecting us quite a bit.'

"The Kaanapali Hotel had a similar report, while the Royal Lahaina said it still had 'pretty good' occupancy.

"In central Maui, not too much effect has been felt at the Maui Palms and Maui Hukilau Hotel.

"In Hana occupancy at Hotel Hana-Maui also reported about a 10 per cent decrease in occupancy.

"As in the case of the U-drive and tour groups, the hotels also indicated that guests were leaving early in order to return to Honolulu and be available for standby space.

"The Maui Chamber of Commerce, concerned about the detrimental effect of the airline strike, sent a wire to President Johnson on July 15, asking him to consider intervening. The wire, approved by the Chamber's executive committee said: 'Airline strike detrimental to tourist industry at season's peak. Your considered intervention urgently requested.'

"As of Friday noon, Acting Maui County Chairman Lanny Morisaki said that the County had taken no action, but he was discussing the matter unofficially with members of the Board of Supervisors."

"[From the Honolulu Star-Bulletin & Advertiser, July 24, 1966]

"KONA AREA HARDEST HIT ON BIG ISLE

"(By Walt Southward and Bette Fay)

"HILO.—The Kona area is suffering most on the Big Isle from the airline strike. "With the Billfish Tournament concluded, fishermen and their families start returning to Honolulu today, leaving a big void in Kailua-Kona.

"William Mieke, manager of the Kona Inn, said: 'We've enjoyed a high occupancy during the Billfish Tournament,' but hinted that things are looking a little darker already.

"Eddie Tavares, manager of the King Kamehameha Hotel, also said the hotel's occupancy rate during the Billfish Tournament was 'gratifying,' but he admitted he didn't like the looks of things for the next few weeks.

"Lee Vaughn, manager of the Leialoha Hotel, voiced almost identical sentiments.

"Judy Dickie at the 'Dolphin' said he hotel's high occupancy won't be affected until the 26th—but after that the strike might begin to hurt.

"Among the various shopkeepers in Kona, there was the feeling that money that would normally be spent on gifts was being saved in case visitors had to extend their hotel stays while waiting for transportation.

"Jack Mulhull, who owns Kona's Sandal Basket, said Kona is now feeling what Waikiki has been experiencing for some days. Even if the strike ended today, he suggested, the damage already done will affect the economic status of Kona for some time to come.

"Elsewhere on the Big Isle, things weren't as good as they might be, but they seemed better than the week before.

"A number of firms which reported a large number of no-shows and cancellations a week ago said that the number of house guests has increased this week, and cancellations have decreased.

"Typical of the comments was that of Leslie Moore, manager of the Mauna Kea Beach Hotel.

"Our occupancy has increased,' Moore said. 'We've recovered a little bit. It's almost back to where it was before the strike.

"We're not running full, though. It's taken some off the top, but it's really not too bad now.'

"Leo Lycurgus, owner of the Hilo Hotel, said, 'We still have no-shows, but our business has picked up quite a bit. We're doing much better than we were a week ago.'

"At the Hilo Hukilau, manager Bill Brown said, 'It's not bothering us a bit. We're running about 97 per cent filled.

"Our Honolulu office is really out there selling.

"We expected to start feeling it, but we're not.'

"At the Naniloa Hotel, manager Bill Davis said, 'We're holding out pretty well so far. We're running about 90 per cent, which is slightly below our average. If it continues, I'm sure that figure will come down, though.'"

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"[From the Honolulu Star-Bulletin & Advertiser, July 24, 1966]

"'THINGS COULD GET WORSE' ON KAUAI

(By Sean O'Neil)

"LIHUE.—The prolonged airlines strike is already hurting most of the tourist-connected businesses on Kauai. And things could get worse.

"Some hotels report a serious drop in hotel occupancy; though a few of the hotels aren't doing so badly, considering.

"One tour company complains that business has been cut almost in half, while another reports no noticeable drop in volume as of last week.

"But everyone on Kauai agrees that the island will be far more prosperous when the strike ends.

"Even when the strike does end, the industry will continue to be affected for at least two weeks,' said H. S. Kawakami, Kauai director of the Hawaii Visitors Bureau.

"Things aren't so bad now, but they will worsen and last beyond a settlement. There's no question that the strike is causing a lot of mental anguish.'

"One certainly is that Kauai is not receiving as many arrivals as is normal for this time of year. Both airlines report that their passenger count is down from pre-strike levels.

"We're maintaining our regular schedule,' said Hawaiian Airlines manager Louis T. Self. 'But we're not running as many special sections as expected during the summer months.'

"Glenn Lovejoy, manager of the 360-room Kauai Surf, was one of the few who was bullish. 'Actually, we're quite pleased. We're holding up very well,' he said.

"Lovejoy said the Surf has been running at 95.3 percent capacity for July, 'which is even better than we did last July.'

"He noted that there have been some tour cancellations, but that Pan American has been doing an excellent job handling the unexpected traffic load.

"I can't explain why we're doing so well. Maybe everyone wants to stay at the Surf while they're waiting for a plane reservation.'

"His optimism was not shared by Bob Lloyd, head of the Prince Kuhio Hotel: 'The strike hurts,' Lloyd said. 'We were down 25 to 30 per cent at the beginning, now we're down to 30 or 35 per cent.

"Oddly enough, tours have been our one bright spot. It appears that the more akamai tour conductors are able to get their people on the planes.

"We have a tour of over 100 in this weekend, but mid-week will look like January.'

"Hardest hit by the labor dispute appeared to be the ground transportation companies.

"John Gilruth, manager of Achors' Gray Line, estimated that his volume is down to 60 per cent of normal.

"Said Gilruth. 'We've been running only 15 to 20 drivers a day, instead of 25 to 30. In other words, it's very bad.

"Every time we open the mail, we get a stack of cancellations. I've already been in contact with our Congressional representatives about the problem. This hurts the payroll.'

"On the other hand, Smith's Boat Service, which runs scenic trips up the Wailua River, reported: 'We're still loaded; everything's sunny here. We're running a full schedule around the clock.'

"At the Hanalei Plantation, manager Barry Yap explained, 'We dropped off for a couple of days, but we're back up to normal now. We haven't felt any major effects yet.'

"Then, expressing what might be on everyone else's mind, 'But it's like waiting for a storm.'"

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[From the Honolulu Star-Bulletin, July 23, 1966]

#### TWENTY-ONE HUNDRED HOTEL ROOMS VACANT AS STRIKE CUTS ARRIVALS

Hawaii's visitor industry reeled from the impact of the nationwide airline strike today as the strike entered its third week.

The State has lost more than 13,000 visitors and, has about 2,100 vacant hotel rooms. Sharply worsening conditions can be expected, said Robert C. Allen, executive vice-president of the Hawaii Visitors Bureau.

This weekend, the third since the strike began, will show the worst effects, Allen said.

July visitor arrivals were 14.7 percent below the same period last year as of July 20. They are 27 percent below the Hawaii Visitors Bureau forecast for this month.

"Our safety factor is gone," Allen said, indicating that further strike-caused losses would plunge the number of arrivals below last year's total.

The H.V.B. estimated the State was about 20,000 arrivals ahead of last year's level when the strike began.

Waikiki hotels reported occupancy rates averaging 85 percent. The Neighbor Islands were down to 80 percent, and two Neighbor Islands reported occupancy rates of 73 and 72 percent.

Hotels normally are full to capacity at this time of year.

Layoffs in the visitor industry have started, Allen said, and many businesses in the industry are arranging vacations for their employees.

"Everybody's been trying to weather it with full staff until now, but they can't keep that up," he said.

Visitor arrivals are down to 45 percent of total airlift capacity, Allen said.

"We had a leveling-off cycle, but that's over now," he said.

Standbys who swelled hotel occupancies have largely departed. And they didn't spend as much during their lengthened stay as new arrivals would have.

Allen was not able to estimate the total dollar cost to the State. But we said it would increase steeply as the strike continues.

---

KAUAI, HAWAII, July 26, 1966.

Senator HIRAM FONG,  
Washington, D.C.:

The people of Kauai, Hawaii, request your cooperation to settle airline strike. This strike has definitely affected our economy.

HARTWELL K. BLAKE,  
Chairman and Executive Officer, County of Kauai.

---

CITY BANK OF HONOLULU,  
Honolulu, Hawaii, July 22, 1966.

Hon. HIRAM L. FONG,  
U.S. Senate,  
Washington, D.C.

DEAR SENATOR FONG: The airline strike in its 15th day of collective bargaining is posing a serious threat to the economic progress of the nation. In particular, Hawaii's visitor industry, now in the peak of the tourist season, is being critically curtailed, affecting both local and neighbor island business.

We of the Hawaii Bankers Association realize that you are fully aware of the serious nature of the situation and sincerely hope that you plan to devote your time and influence to shorten the air strike.

Very truly yours,

K. ITOH,  
*President, Hawaii Bankers Association.*

---

HONOLULU, HAWAII, July 14, 1966.

Senator HIRAM L. FONG,  
*U.S. Senate,  
Senate Office Building, Washington, D.C.:*

Early checkouts and cancelled reservations due airline strike, serious losses during peak season, if allowed to continue, request do all you can to affect immediate settlement.

LYMAN BLANK,  
*Owner-Manager, Hotel Tropic Isle.*

---

HONOLULU, HAWAII, July 15, 1966.

Senator HIRAM FONG,  
*Washington, D.C.:*

Will greatly appreciate your prompt effort to end the airline strike which is having a serious detrimental effect upon the economy of the State prolongment would be particularly damaging to the travel industry. Aloha.

LEONARD GORRELL,  
*General Manager, Sheraton Hawaii.*

---

HONOLULU, HAWAII, July 15, 1966.

Senator HIRAM FONG,  
*New Senate Office Building,  
Washington, D.C.:*

Airlines strike seriously affect our members business. Please do everything to have the strike settled immediately.

TSUYOSHI NISHIMOTO,  
*President, Honolulu Japanese Chamber of Commerce.*

---

HONOLULU, HAWAII, July 15, 1966.

Senator HIRAM FONG,  
*Washington, D.C.:*

Airlines strike continues to cause chaos and extreme hardship to thousands of residents and tourists. Urgently request redoubled efforts to influence the president and the parties concerned to have normal air service restored immediately pending just and equitable settlement.

Oliver K. Yanaga, President, Hawaii Chapter American Society of Travel Agents; Franklin Leong, General Manager, Royal Prince Hotel; Lyle Guslander, President, Island Holidays Ltd., Mary K. Robinson, President, Robinson's Hawaiian Tours; Joseph Rondina, District Manager, American Express; Randolph Lee, Jr., Vice President-General Manager, Halekulani Hotel; Stanley Kurana, President, Globe Travel Service; Robert MacGregor, President, Inter Island Tradewinds Tours; John F. Clancy, Manager, Travel Division Castle and Cooke; Robert Iwamoto, President, Robert's Tours; Ernie Forde, President, Ernie Forde Travel Agency.

The court held that the contract was not enforceable because the plaintiff had not shown that the defendant had acted in good faith and that the contract was not unconscionable.

The court further held that the contract was not unconscionable because the plaintiff had not shown that the contract was so one-sided that it was unconscionable.

The court also held that the contract was not unconscionable because the plaintiff had not shown that the contract was so unfair that it was unconscionable.

The court finally held that the contract was not unconscionable because the plaintiff had not shown that the contract was so oppressive that it was unconscionable.

The court then held that the contract was not unconscionable because the plaintiff had not shown that the contract was so harsh that it was unconscionable.

The court also held that the contract was not unconscionable because the plaintiff had not shown that the contract was so inequitable that it was unconscionable.

The court finally held that the contract was not unconscionable because the plaintiff had not shown that the contract was so unfair that it was unconscionable.

The court then held that the contract was not unconscionable because the plaintiff had not shown that the contract was so oppressive that it was unconscionable.

The court also held that the contract was not unconscionable because the plaintiff had not shown that the contract was so harsh that it was unconscionable.

The court finally held that the contract was not unconscionable because the plaintiff had not shown that the contract was so unfair that it was unconscionable.

The court then held that the contract was not unconscionable because the plaintiff had not shown that the contract was so oppressive that it was unconscionable.

The court also held that the contract was not unconscionable because the plaintiff had not shown that the contract was so harsh that it was unconscionable.

The court finally held that the contract was not unconscionable because the plaintiff had not shown that the contract was so unfair that it was unconscionable.

The court then held that the contract was not unconscionable because the plaintiff had not shown that the contract was so oppressive that it was unconscionable.

## AIRLINE DISPUTE

THURSDAY, JULY 28, 1966

U.S. SENATE,  
COMMITTEE ON LABOR AND PUBLIC WELFARE,  
*Washington, D.C.*

The committee met at 10:15 a.m., pursuant to call, in room 4232, Senate Office Building, Senator Lister Hill (chairman of the committee) presiding.

Present: Senators Hill (presiding), Morse, Clark, Randolph, Williams, Pell, Kennedy of Massachusetts, Nelson, Kennedy of New York, Javits, Prouty, Dominick, Murphy, Fannin, and Griffin.

Committee staff members present: Stewart E. McClure, chief clerk; John S. Forsythe, general counsel; John Bruff, counsel, Subcommittee on Labor; and Stephen Kurzman, minority counsel.

The CHAIRMAN. The committee will come to order.

All right, Senator Morse.

Senator Morse said last night he wanted to elucidate some, I believe.

### STATEMENT OF HON. WAYNE MORSE, A U.S. SENATOR FROM THE STATE OF OREGON

Senator MORSE. Mr. Chairman, I will follow whatever procedure the committee wants. My suggestion is that I make a very brief statement and then a couple of points which ought to be placed into the record. Then the committee can ask me whatever questions they care to. That would include Senator Clark's questions.

Senator CLARK. I am sorry, I didn't hear what the Senator said, Mr. Chairman.

Senator MORSE. My suggestion was that as a witness, I make a brief statement, certain things that I think ought to be raised, and then subject myself to the questions of the committee.

Senator CLARK. Surely.

Senator MORSE. Mr. Chairman, I have with me the transcript of the record that the Emergency Board made. It is 8 days of formal hearings. I have the exhibits. I have the Board's analysis, the workbook analysis, issue by issue.

I would like permission to insert into the record at this point, so we have it as a matter of record, the report to the President by the Emergency Board No. 166, which is the report that has been under discussion.

The CHAIRMAN. Without objection, it is so ordered.

(The report referred to follows:)

ARTICLE XXIV

ARTICLE XXIV

SECTION 1

The committee on the subject of the proposed amendments to the constitution of the State of Oregon, created by the act of the legislature of the year 1901, and continued by the acts of the legislature of the years 1902, 1903, 1904, 1905, 1906, 1907, 1908, 1909, 1910, 1911, 1912, 1913, 1914, 1915, 1916, 1917, 1918, 1919, 1920, 1921, 1922, 1923, 1924, 1925, 1926, 1927, 1928, 1929, 1930, 1931, 1932, 1933, 1934, 1935, 1936, 1937, 1938, 1939, 1940, 1941, 1942, 1943, 1944, 1945, 1946, 1947, 1948, 1949, 1950, 1951, 1952, 1953, 1954, 1955, 1956, 1957, 1958, 1959, 1960, 1961, 1962, 1963, 1964, 1965, 1966, 1967, 1968, 1969, 1970, 1971, 1972, 1973, 1974, 1975, 1976, 1977, 1978, 1979, 1980, 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1988, 1989, 1990, 1991, 1992, 1993, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100.

STATEMENT OF HOW WAYNE MORSE AND S. SMITH FROM THE STATE OF OREGON

How Wayne Morse and S. Smith, members of the Oregon State Senate, do hereby certify that the following is a true and correct copy of the report of the committee on the subject of the proposed amendments to the constitution of the State of Oregon, created by the act of the legislature of the year 1901, and continued by the acts of the legislature of the years 1902, 1903, 1904, 1905, 1906, 1907, 1908, 1909, 1910, 1911, 1912, 1913, 1914, 1915, 1916, 1917, 1918, 1919, 1920, 1921, 1922, 1923, 1924, 1925, 1926, 1927, 1928, 1929, 1930, 1931, 1932, 1933, 1934, 1935, 1936, 1937, 1938, 1939, 1940, 1941, 1942, 1943, 1944, 1945, 1946, 1947, 1948, 1949, 1950, 1951, 1952, 1953, 1954, 1955, 1956, 1957, 1958, 1959, 1960, 1961, 1962, 1963, 1964, 1965, 1966, 1967, 1968, 1969, 1970, 1971, 1972, 1973, 1974, 1975, 1976, 1977, 1978, 1979, 1980, 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1988, 1989, 1990, 1991, 1992, 1993, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100.

**Report**  
**TO**  
**THE PRESIDENT**  
**BY THE**  
**EMERGENCY BOARD**  
**No. 166**

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**APPOINTED BY EXECUTIVE ORDER 11276 DATED APRIL 21,  
1966, PURSUANT TO SECTION 10 OF THE RAILWAY LABOR  
ACT, AS AMENDED**

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**To investigate and report its findings to the President of unadjusted  
disputes between Eastern Air Lines, Inc., National Airlines,  
Inc., Northwest Airlines, Inc., Trans World Airlines, Inc.,  
and United Air Lines, Inc., and certain of their employees rep-  
resented by the International Association of Machinists,  
AFL-CIO, a labor organization.**

**(NMB Case No. A-7655)**

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**WASHINGTON, D.C.**  
**June 5, 1966**

## LETTER OF TRANSMITTAL

WASHINGTON, D.C., *June 5, 1966.*

DEAR MR. PRESIDENT,

The Emergency Board which you appointed by Executive Order 11276, pursuant to Section 10 of the Railway Labor Act as amended, has the honor to report herewith.

You charged this Board to investigate the labor dispute between five major airlines and the International Association of Machinists. We have done so. In the course of our inquiry we held hearings for 8 days to take testimony from these parties. Throughout our hearings the conduct of the parties was exemplary. Both Carriers and Union cooperated fully with the Board and with each other to provide us expeditiously an explanation of all issues in dispute. We acknowledge their cooperation gratefully.

During our hearings and subsequently in executive sessions we had unstinting service from an able staff. We take this opportunity to thank our counsel, John Bruff, and his staff associates, Beatrice Burgoon and Lily Mary David, for their contributions to our work during this period.

Your charge to us included the requirement that we report our findings to you. These are enclosed. They include our recommendations for a settlement of the dispute, on terms which we believe will serve the interests of the public and the parties alike.

Respectfully,

- (S) Wayne Morse,  
WAYNE MORSE, *Chairman.*
- (S) David Ginsburg,  
DAVID GINSBURG, *Member.*
- (S) Richard E. Neustadt,  
RICHARD E. NEUSTADT, *Member.*

THE PRESIDENT,  
*The White House.*

(III)

**EXECUTIVE ORDER NO. 11276****CREATING AN EMERGENCY BOARD TO INVESTIGATE DISPUTES BETWEEN  
THE CARRIERS REPRESENTED BY THE FIVE CARRIERS NEGOTIATING  
COMMITTEE AND CERTAIN OF THEIR EMPLOYEES**

Whereas disputes exist between the air carriers represented by the Five Carriers Negotiating Committee, designated in List A, attached hereto and made a part hereof, and certain of their employees represented by the International Association of Machinists and Aerospace Workers, AFL-CIO, a labor organization; and

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

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

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

The board shall report its findings to the President with respect to the disputes within 30 days from the date of this order.

As provided by Section 10 of the Railway Labor Act, as amended, from this date and for 30 days after the board has made its report to the President, no change, except by agreement, shall be made by the carriers represented by the Five Carriers Negotiating Committee, or by their employees, in the conditions out of which the disputes arose.

LYNDON B. JOHNSON.

THE WHITE HOUSE,  
*April 21, 1966.*

**List A:**

East Air Lines, Inc.  
National Airlines, Inc.  
Northwest Airlines, Inc.  
Trans World Airlines, Inc.  
United Air Lines, Inc.

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## I. HISTORY OF THE EMERGENCY BOARD

This Emergency Board, designated by the National Mediation Board as Emergency Board No. 166, was created by Executive Order 11276 of the President issued April 21, 1966, pursuant to Section 10, of the Railway Labor Act, as amended, to investigate and report its findings of unadjusted disputes between Eastern Air Lines, Inc., National Airlines, Inc., Northwest Airlines, Inc., Trans World Airlines, Inc., and United Air Lines, Inc., and certain of their employees represented by the International Association of Machinists and Aerospace Workers, AFL-CIO, a labor organization.

The President appointed the following as members of the Board: Wayne Morse, U.S. Senator from Oregon, Chairman; David Ginsburg, an Attorney from Washington, D.C., Member; and Richard E. Neustadt, Professor of Government at Harvard University, Member. The Board met for organizational purposes on April 26, 1966, in Washington, D.C. Public hearings were held for 8 days between May 6 and May 27 at Washington, D.C. During these hearings the parties to the dispute were given full and adequate opportunity to present evidence and argument before the Board. The Board also made itself available for any informal meetings requested by the parties; in the event, none was requested.

The parties to these proceedings were identified to the Board as follows: The International Association of Machinists and Aerospace Workers by

P. L. Siemiller, International President  
Joseph W. Ramsey, General Vice President  
Frank Heisler, Airlines Coordinator  
Robert E. Stenzinger, Grand Lodge Representative  
William Schenck, Grand Lodge Representative  
Elton Barstad, General Chairman (Dist. 143)  
John Burch, General Chairman (Dist. 145)  
Julius B. Wilhelm, General Chairman (Dist. 100)  
Fred Spencer, General Chairman (Dist. 142)  
Robert T. Quick, General Chairman (Dist. 141)

The five Carriers by

William J. Curtin, Chairman, Five Carriers' Negotiating Committee, Morgan, Lewis & Bockius

Charles M. Mason, Sr., Vice President-Personnel, United Air Lines, Inc.

Paul Berthoud, Manager, Industrial Relations, United Air Lines, Inc.

J. M. Rosenthal, Vice President-Industrial Relations, National Airlines, Inc.

Robert A. Ebert, Vice-President-Personnel, Northwest Airlines, Inc.

Ralph H. Skinner, Jr., Vice President-Industrial Relations, Eastern Air Lines, Inc.

John P. Mead, Staff Vice President-Industrial Relations, Eastern Air Lines, Inc.

David J. Crombie, Vice-President-Industrial Relations, Trans World Airlines, Inc.

The record of the proceedings consists of 1,968 pages of testimony and exhibits and 9 separate appendices of exhibits primarily relating to local issues. During the proceedings, the Board made it clear to the parties that its report to the President would be based upon the record established by the parties to this dispute.

Since the creation of the Board, the parties by stipulation, approved by the President, have agreed to extend the time within which the Board must report its findings to the President until June 5, 1966.

## II. BACKGROUND OF THE DISPUTE

The airline carriers in this dispute are 5 of the 11 domestic trunk airlines operating in the United States. They represent over 60 percent of the domestic trunkline industry as measured by passenger miles. The IAM represents 35,399 (March 1966) of their employees involved in this dispute. These employees are primarily employed in mechanic, ramp and store, flight kitchen, dining service, plant protection, and related classifications.

The Carriers and Union entered into an agreement dated August 9, 1965, establishing a procedure for joint negotiation of the dispute between the parties. This agreement provided that each Carrier and the Union should be limited to 15 proposals for changes in the existing agreements between each Carrier and the IAM, and that the following 8 items, which are identical to all Carriers, should be the subject of joint bargaining:

## 3

- (a) Rates of pay and progression steps
- (b) Vacation allowance
- (c) Holiday provisions
- (d) Health and welfare (insurance programs)
- (e) Overtime rules
- (f) Pension plans
- (g) Hours of service
- (h) License requirements and premiums

On October 1, 1965, the Carriers and the Union served upon each other the notices required by their August Agreement and by Section 6 of the Railway Labor Act. The Union chose to submit seven notices for each individual Carrier, and the eight items common to all Carriers. The Carriers served over 70 notices, all on local issues. The parties then entered into individual and joint negotiation on these notices. Negotiations proceeded for 2 months.

Thereafter, on January 11, 1966, the parties jointly applied to the National Mediation Board for mediation service. The case was docketed by the NMB and referred to Board Member Howard G. Gamser for handling. He began his efforts on February 1, 1966, and continued until March 10. His mediation led to the exchange of proposals and counterproposals, but the parties failed to reach a final agreement.

On March 18, 1966, the NMB proffered arbitration, which the Carriers accepted and the Union declined. Under the provisions of the Railway Labor Act, the NMB then formally terminated its services. However, on April 14 it made a final effort to mediate the dispute. This effort was unsuccessful and the Union set a strike deadline for 12:01 a.m., local time, April 23, 1966. The NMB then notified the President that in its judgment this dispute threatened to substantially interrupt interstate commerce so as to deprive the country of essential transportation service. The President promptly created this Emergency Board. The Union then withdrew its strike notice.

The August 9 agreement provided among other things that none of the parties should execute an agreement until all of the parties had reached agreement in final settlement of all issues.

### III. THE ISSUES

The original notices required by Section 6 of the Railway Labor Act and by the August 9 Agreement included eight issues common to the Union and all Carriers. These are called "national issues." The notices also included over 100 other issues, each relating to an individual Carrier. These are called "local issues." None of the eight

national issues was resolved by negotiation or mediation. Of the local issues, 40 remained unresolved at the time of our hearings. The Board took testimony and heard cross-examination on all 48 outstanding issues. Each has been subjected by the Board to careful inquiry.

#### IV. THE NATIONAL ISSUES: FINDINGS AND RECOMMENDATIONS

##### A. GENERAL WAGE RATES AND RELATED ISSUES

The Union has proposed substantial percentage increases in the rates of pay over a 3-year period beginning January 1, 1966, coupled with the elimination of all but one progression step and the introduction of a cost-of-living adjustment allowance. The Carriers have offered hourly rate increases in three groups of classifications over a 3-year period, have sought to justify all rate progression schedules now in effect and have rejected the concept of a cost-of-living adjustment allowance. In addition, instead of January 1, 1966, the Carriers would delay any pay increases until the pay period next commencing after the date upon which they receive written notice from the Union of the ratification of the new agreement.

##### 1. EFFECTIVE DATE AND DURATION OF THE CONTRACT

The most recent agreement between these parties was due to expire at midnight on December 31, 1965. During the last 5 months of 1965 the five Carriers and the Union established a procedure for joint negotiations of the disputes between the parties; identified and defined both national and local issues; served on each other the Section 6 notices required by the Railway Labor Act and began individual and joint negotiations. The bargaining progress thus begun continued throughout the first quarter of this year, with the services of the National Mediation Board, and although final agreements were not reached a large number of local issues were disposed of, and the remaining issues were sharpened and in some instances modified. Since August 1965, therefore, the parties have been seeking to resolve their differences and reach agreement for purposes of a successor contract.

The Board considers that the maintenance of close contact and communication between Union and Carriers and the utilization in good faith of the procedures of the Railway Labor Act and the services of the National Mediation Board furthers the interests both of the parties and the public and recommends, as in the 1963 settlement, retroactivity to the expiration date of the last settlement.

The Board must also consider how long the new contract should continue. The parties themselves have suggested a 3-year period. As a consequence of Section 10 of the Railway Labor Act, unless the parties otherwise agree, the provisions of the old agreement will have governed the rights of the parties through the first half of 1966. In these circumstances the Board recommends that the new agreement run prospectively for 3 years from July 1, 1966, so that the agreement will be effective for a period of 42 months, from January 1, 1966, through June 30, 1969.

## 2. SAFEGUARDING REAL WAGES

The Union is concerned that increases in the cost-of-living may erode the gains employees have made in real wages and has proposed an escalator clause as its preferred way of safeguarding those gains. The particular clause would provide that quarterly, throughout the term of the agreement, all hourly rates should be increased by 1 cent per hour for each 0.3 increase in the consumer price index (1957-1959 base).

The Carriers point to a trend away from the use of escalator clauses and oppose them on various grounds ranging from the added difficulties under such clauses of cost calculations to the added dangers of perpetuating a price-wage spiral.

The Board has given extensive consideration to this question. The trend away from escalator clauses is marked although increases in the cost-of-living have revived interest in them. In our view the danger they present to the economy in this case is real. In the past, moreover, many of these clauses have operated two ways so that when the cost-of-living goes up wages are increased, but when the cost-of-living turns down, wages are reduced. Here the Union has proposed a one-way clause.

Although we recommend against the use of an escalator clause we believe that the effort of the Union to devise a means to safeguard the economic position of the employees particularly in respect to the protection of their real wages is warranted. We therefore recommend that the Union be given the right to re-open the wage rate provisions of the contract if, by December 1967, the cost-of-living since December 1966 has increased 1 percent or more over the average annual increase in the consumer price index during the 5-year period, 1962 through 1966. The re-opener right would be limited to the basic wage rates of the new agreement.

The Board wishes to stress that the basic wage re-opener right would be triggered only in case of a sharp or persistent increase in the consumer price index of not less than 1 percent over the average annual increase during the 5-year period from December 1961 through December 1966.

The procedure to be followed would be simple and completed within a maximum of 6 weeks.

On February 1, 1968, the Union, if it so decides, would serve on the Carrier its notice of intention to re-open the wage rate issue; the necessary statistical data regarding cost-of-living changes in December 1967 should be available to the Union about January 20. Thereafter, the parties would have 30 days within which to arrive at an agreement. If they cannot agree on wage adjustments the issue would be submitted to final and binding arbitration under procedures determined by the parties themselves. If the parties cannot agree on such procedures the Secretary of Labor shall determine them and, within 1 week after the 30-day period, submit to the parties a list of seven arbitrators from which the Union and the Carriers in joint conference shall each strike alternately two names. The remaining three arbitrators shall then determine the issue and make their award within 2 weeks.

In arriving at their decision the arbitrators shall consider, as did this Board, the public interest in the maintenance of a stable economy as well as increases in living costs and all other relevant factors including comparative wages, competitive conditions, labor shortages, ability to pay, job content, and overall and specific increases in productivity.

### 3. WAGE PROGRESSION SCHEDULES

The Union contends that progression schedules merely provide a means to permit the Carriers to pay less than the job rate; that lengthy progression steps for each classification are unnecessary because very little training is required and no additional responsibilities or duties are assumed at each step in the classification. The Union emphasizes that the number of progression steps has been reduced in past bargaining and that single rates have been achieved in lead classifications but that further reductions are needed.

The Carriers argue that progression is the standard method of wage payment on domestic trunk carriers and that progression steps have always existed. They say that they are hiring rapidly and that new employees are not fully productive immediately; that training is required for the equipment of each carrier and that the progression scale fairly reflects growth in efficiency during training.

7

The Board has examined the wage progression schedules for each Carrier and recommends that the entry rate in each classification be eliminated as of January 1, 1967, and that the rate just before the final rate be eliminated as of January 1, 1968. There is merit in the contention that some onjob training is needed, but it is apparent to the Board that in many classifications the number of progression steps is excessive.

The Board's recommendation is designed to permit a reduction in the number of progression steps in any new contract, returning to the parties for their joint study and determination in future negotiations the more basic question of the means by which the Carriers shall organize and finance onjob training.

4. WAGE RATES

Under previous agreements, employees represented by the IAM have been paid hourly rates established under two categories, Groups A and B, which broadly distinguished higher from less skilled classifications. In the most recent contract, the mechanic rate (at the top of regular progression steps) has been \$3.52 per hour, and this figure has been used in testimony by both parties to the dispute as the basic rate for discussion purposes.

The Board follows this practice of the parties, using the mechanic rate illustratively. It is the standard practice in wage cases to use as the frame of reference a key rate, which in this instance is the mechanic rate. We wish to note, however, that the average job rate for all job classifications covered by both groups has been estimated at \$3.25. We use the mechanic rate for purposes of clarity, but emphasize that it is not an average for all employees. That average will, in every case, be lower.

The testimony before us shows that both parties have proposed substantial increases in pay rates for the new contract period.

The Carriers have offered annual increases in hourly rates for each year of a proposed 3-year contract, the amounts ranging through three rather than two groups of skill classification as follows:

	<i>First year (cents)</i>	<i>Second year (cents)</i>	<i>Third year (cents)</i>
Group I.....	12	12	12
Group II.....	8	8	8
Group III.....	7	7	7

For the mechanic rate this offer has the following effect:

<i>Past</i>	<i>First year</i>	<i>Second year</i>	<i>Third year</i>
\$3.52.....	\$3. 64	\$3. 76	\$3. 88

The Union, by contrast, has proposed percentage increases across the board to all skills amounting to 5 percent the first year, 5 percent the second year, and 4 percent the third year. For the mechanic rate this proposal has the following effect :

<i>Past</i>	<i>First year</i>	<i>Second year</i>	<i>Third year</i>
\$3.52-----	\$3. 70	\$3. 88	\$4. 04

The differences between the two proposals are narrow. In reviewing them and the records made before us, we are struck by the fact that neither party accepts the other's view of the appropriate method for reflecting skill differentials in the application of general increases. Thus the Union rejects the three-group classification offered by the Carriers, while the Carriers suggest that a percentage increase applied across-the-board would deepen alleged inequities in present classifications.

Faced by disagreement between the parties on this point, we have concluded that in equity we should use the last classification scheme on which they have in fact agreed; namely, the two-group classification of earlier contracts, and should recommend for each group a fixed amount of wage increase.

After careful review of the record before us, considering the evidence submitted on conditions in the national economy and in the air transport industry, on labor market prospects, comparative wage rates, company earnings, productivity increases, trends in the cost of living, and other relevant matters, we conclude that both parties to this dispute, and national policy as well, would be served by a settlement which incorporated the following wage increases in our proposed 42-month contract :

	<i>First 18 months (cents)</i>	<i>Next 12 months (cents)</i>	<i>Last 12 months (cents)</i>
Group A-----	18	15	15
Group B-----	14	10	10

For the top mechanic rate this recommendation would have the following effect :

<i>Past</i>	<i>First 18 months</i>	<i>Next 12 months</i>	<i>Last 12 months</i>
\$3.52-----	\$3. 70	\$3. 85	\$4. 00

From the standpoint of the Carriers, the evidence before us suggests that over the life of the contract prospective productivity gains make these wage increases supportable without net addition to costs.

From the standpoint of the users of the airlines, the evidence before us suggests that over the life of the contract, if company earnings continue at anything like their present rate, these wage increases

would be no bar to continued reduction in transportation charges to the public, if other criteria warrant.

From the standpoint of the employees, the evidence before us suggests that over the life of the contract these wage increases would continue the past trend wage gains made by workers in this industry, and would maintain the competitive position of the industry in bidding for increasingly scarce skills.

From the standpoint of the general public, the evidence before us suggests that wage increases in the amount we have proposed, combined with the additional fringe benefits we recommend, constitute a genuinely noninflationary settlement of this dispute—a settlement which will contribute to the twin objectives that the President has put before the country: Stability and growth.

In this industry, as applied to these workers at the present time, the average cost of labor, taking wages and fringes together, is estimated by the best available sources at about \$4.50 per hour. When this estimate of present cost is compared with the incremental cost of all our recommendations, the outcome, in our judgement, is distinctly noninflationary. This remains the case even after the wage increases are reflected in fringe benefits accruing once new wage rates take effect.

Moreover, in our recommendations to the parties for settlement of their outstanding local issues, we at once have proposed elimination of numerous, costly practices and have withheld approval from numerous demands which would create new elements of cost. Thus, our disposition of the local issues buttresses the noninflationary cost of the whole settlement, with results which vary somewhat from carrier to carrier.

In conclusion, we offer the considered judgment that our proposed terms of settlement, taken together, protect the interests of all parties in this dispute, the Carriers, the Union, and the public.

#### B. VACATION ALLOWANCES

Under the most recent contract, the Carriers have provided paid vacations to these employees on the following formula: 2 weeks of vacation after 1 year of employment; 3 weeks after 10 years; and 4 weeks after 20 years. The Union currently seeks a modification of this formula to provide 3 weeks of vacation after 8 years on the job, and 4 weeks after 15 years.

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Weighing this request against the evidence presented to us on prevailing practice elsewhere, we have come to the conclusion that a good case can be made for liberalizing vacation pay accruing to long-service employees. We find that there has been a trend in this direction throughout American industry. While relatively few contracts in this country now provide 4 weeks of vacation after 15 years, the Board thinks that liberalization is justified in an industry which needs stability of service from the skilled men represented by this Union and which requires from the men a special devotion to duty in the interest of the traveling public.

Accordingly, we recommend 4 weeks of paid vacation after 15 years of service.

### C. HEALTH AND WELFARE PROGRAMS

In this area the Union proposed that the entire cost of the individual Carrier Health and Welfare plans shall be borne by the Carrier and that all plans shall be liberalized to provide full coverage for employees and dependents. The Union emphasized that Eastern has already assumed the full cost of these programs and that the Union recommendation is supported by the prevailing practice in industry generally.

The Carriers contended that current benefits under their plans exceed those typical of industry generally but nevertheless offered to make an additional contribution of 3 cents per hour in the second year of the contract against premiums for dependents coverage under presently existing group insurance plans. The Carriers stated that with this addition the average cost to the Carriers of current plans would be 17.4 cents per hour compared with an average employee contribution of 2.6 cents per hours.

The Board has taken note of these facts and others in the record and recommends against any increase in Carrier contributions at this time. The Union has not proposed and the Carriers have not offered an improved plan or additional benefits. Since the scope and coverage of the plans would remain unchanged an additional Carrier contribution of 3 cents per hour beginning the second year would simply result in an increase in employee compensation by this amount. The Board believes it is in the interests of both parties at this time to deal with increased cash compensation in connection with wage rate adjustments and has done so under paragraph 4 of Section A, above.

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## D. PENSION PLANS

The pension plan of National Airlines is already noncontributory and the Union requested that the other four Carriers assume the full cost of their plans.

The Carriers rejected the request emphasizing that although a majority of pension plans in industry generally are noncontributory, they usually provide a lower level of benefits. They point out that the Carriers' plans provide an average earned benefit of \$8.68 per month as compared with a median industrial benefit earned of \$2.75 per month; and which exceed average earned benefits under non-contributory plans in the automobile industry (\$4.25), the aerospace industry (\$4.24 to \$4.75), and the steel industry (\$5).

Here, as in the case of Health and Welfare benefits, the Board has studied the competing considerations stressed by the parties, but directs attention to the fact that the issue as presented does not relate to employee benefits under the plan but solely to the means of financing them. The Union proposal to transfer the cost of four plans to the Carriers is thus a request for additional compensation equal to the cost of the plan. Since we have already responded to the request for higher wage rates we recommend that this request be withdrawn.

## E. OVERTIME RULES

The Union has proposed a sharp upward adjustment of pay for overtime work. Where existing rules call for time-and-a-half, the Union now would substitute double time. Similarly, where double time applies, the Union now proposes triple time.

The record before us offers no specific reasons for these changes except references to trends in other industries and general allegations of the need for severe penalties to minimize the use of overtime. We find it hard to square the stress on penalties with several of the local issues put before us, where the interest of employees in working overtime was demonstrated. We find it harder still to follow the comparisons with other industries.

The evidence available to us suggests that in this industry, above most others, overtime work is necessarily an adjunct of regular operations. Variations in weather, equipment changes, enforced delays in service, rescheduling of flights, are common features of airline operations in the present stage of technological development. Overtime work for service employees is an inevitable and frequent result. While we accept the notion that the Carriers, like other employers,

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should be discouraged from misuse of overtime, we cannot accept the contention that they should be penalized severely for resorting to this means of meeting their undoubted obligation to the public.

Accordingly we recommend that the overtime proposals by the Union be withdrawn.

#### F. HOLIDAY PROVISIONS

The Union has proposed an increase in the number of holidays from seven to eight, the eighth to be Good Friday. In addition, for work on holidays the Union requests holiday pay plus double time for all hours worked, with a minimum of 8 hours' pay; if more than 8 hours are worked on holidays, the excess is to be paid for at triple time rate.

The Union introduced several foreign flag carrier agreements to show that they provide for more than eight paid holidays. Northeast Airlines, the railroad companies, and many other major industries already have eight paid holidays.

The Carriers rejected an eighth holiday and, in particular, rejected Good Friday because on this day there is no significant decrease in airline traffic and in most instances employees would be required to work. The Board notes, in passing, that one of the existing paid holidays, Washington's Birthday, has even less of a decrease in traffic than Good Friday. The Carriers further argue that seven paid holidays is in accord with domestic trunk airline practice.

The existing contracts require that the Carriers compensate employees who work overtime on holidays at double time rates. The Union position is that employees should not be required to work overtime on holidays and that the double time provision is not a sufficient deterrent to prevent the Carriers from deliberately scheduling such overtime.

The Carriers reply that there is no scheduled overtime on holidays; that overtime is required only because of scheduling difficulties; that a heavier penalty would only increase airline costs without reducing overtime requirements.

The record clearly supports the existence of a trend to more liberal holiday provisions; Good Friday is observed as a religious day by many employees; Good Friday is accepted in other agreements as a suitable vacation day. The Board is unable to endorse the Union proposal for penalty holiday overtime first, because this is a round-the-clock industry with 24-hour commitments to its customers; second, because this underlies the contract between the parties; and third, because this fact is well known to and accepted by all airline employees.

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The Board recommends that an eighth holiday, Good Friday, be granted by the Carriers and that the Union proposals for penalty holiday overtime be withdrawn.

## G. HOURS OF SERVICE

The Union has proposed that the 30-minute meal period now taken without pay as a break in each 8-hour working day, be compensated and treated henceforth as a portion of the hours worked.

The effect of this proposal would be to reduce the time of each shift from 8½ hours (including an uncompensated half hour) to 8 hours (fully compensated). The further effect would be to eliminate the overlaps between incoming and outgoing shifts which now occur during the last half hour each outgoing shift spends on the job.

The Union has contended in the hearings that elimination of shift overlaps would aid efficiency. The Carriers disagree. They argue that these overlaps are vital to assure effective personnel transmission of job information, tools, and work directives between shifts. It is the view of the Board that the Carriers' position was the sounder one on this issue.

Beyond this issue we perceive another which becomes decisive in our view; namely, that a growing and regulated industry, faced by increasing competition for skilled personnel should not be asked to put into effect a shorter workweek. We recommend, therefore, that this proposal by the Union be withdrawn.

## H. LICENSE PREMIUMS

The Union originally proposed that any employee required to have or use—later modified to any “mechanic” and “have and use”—any license issued by the FCC or FAA should receive additional compensation in the amount of 10 cents per hour for each license required.

This proposal was based primarily upon the alleged additional responsibility of the license holder in releasing aircraft or signing for aircraft work.

The carriers rejected the Union proposal both because of its cost and because there is little or no additional responsibility for the license holder. The Carriers argued that a mechanic who signs maintenance releases does not vouch for airworthiness; that a mechanic may be fined by the Federal Aviation Agency for personal failures whether or not he holds a license; that no domestic trunk carrier currently pays such a license premium.

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In treating the wage issue this Board provided substantial pay differentials for mechanics and higher classifications; the license holders are all within this group. Since the added exposure to disciplinary action relied on by the Union is neither diminished nor remedied by a pay premium requirement, we recommend that the Union's proposal for license premiums be withdrawn.

## V. LOCAL ISSUES<sup>1</sup>

### A. EASTERN AIRLINES AND DISTRICT 100

#### 1. CARRIER PROPOSALS

##### (a) *Eastern Proposal No. 1*

The Carrier has proposed a change in the overtime provision, Article 14(c), to provide system overtime to replace local rules. It also proposes to eliminate the present bypass penalty pay provision in the agreement.

The 1963 collective bargaining agreement between Eastern Airlines and District 100 provided that the parties should meet to agree on system overtime rules. The Carrier contends that since that time agreement in principle has been reached on a series of system overtime rules but the final language has not been settled. The principal point still in contention between the parties is the Carrier's request for elimination of bypass penalty pay.

The Carrier contends that the current rules foster a great number of grievances; it has introduced evidence that overtime grievances have increased from 8 percent to 26 percent of all grievances between 1960 and 1965. The Carrier urges that system rules be agreed upon to permit standard administration of overtime. It is the Carrier's position that, under the present system, errors are difficult to avoid, particularly in emergency situations, and that the proposed system rules would decrease the likelihood of mistakes and disputes.

The Union's primary objection is to the elimination of the bypass penalty. The penalty has been in the collective bargaining agreement since 1961. The Union contends that problems arise under it because supervisors fail to offer work to the right man. The Union agrees that there are many grievances on overtime issues but contends that the fault lies with management.

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<sup>1</sup> For convenience the Board has numbered each of the Carrier and Union proposals consecutively. The substance of each proposal will enable the parties to relate this numbering system to the numbering and lettering system used by the parties in the transcript of the hearing.

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The record is clear that the existing overtime provision on Eastern Airlines gives rise to an excessive number of grievances. The Board believes that this situation necessarily tends to strain the grievance machinery and constitutes a handicap to good relations between the parties. The Carrier's proposal retains the principal of equalization of overtime and has not had a negative response from the Union except for the matter of bypass pay. The Board notes that bypass penalty pay has been a part of this collective bargaining agreement during the past two contract periods. The Board is reluctant to disturb conditions arrived at through collective bargaining without compelling reasons. The new rules proposed by the Carrier are designed to correct the source of past problems. It is to be expected, therefore, that the number of grievances will be reduced and the number of instances in which bypass penalty pay is required will drop substantially.

*Recommendation:* That the system overtime rules proposed by Eastern Airlines be adopted but that the present provision for bypass pay not be disturbed.

(b) *Eastern Proposal No. 2*

The Company proposes to add a new paragraph to Article 20 of the agreement in order to permit the employment of part-time workers in the classifications of cleaner, ramp-servicemen, and stock clerk. The Carrier argues that fluctuations in peak workloads in the airline industry justify the employment of part-time workers for 3 or 4 hour periods in order to utilize employees effectively. Eastern contends that the jobs of present employees would not be jeopardized because, under its proposal, no employee would be displaced by part-time workers.

The Union points out that the Eastern Airlines-IAM agreement once provided for part-time employees but, through earlier negotiations, this provision was removed from the contract. The Union argues that, during negotiations, the Carrier offered no proof of a need for workers for 3 or 4 hours a day.

It is inherent in the transportation industry that accommodation to the needs of the traveling public will result in peaks and valleys of activity at airline stations. The Carrier now has considerable flexibility in scheduling the shifts of its regular employees. The Board believes that the existing flexibility in shift arrangements should be adequate to permit management to resolve its problems within the framework of its regular work force. Moreover, the Board notes that two of the classifications for which the Carrier seeks part-time

employees are those for which management testified, on the national issues, that relatively long progression training periods are required.

*Recommendation:* The Board recommends that the proposal of the Carrier be withdrawn.

(c) *Eastern Proposal No. 3*

The Carrier proposes to eliminate the present option in Article 10 which permits an employee scheduled to work on a holiday to elect either to receive double time pay or to receive straight time and add 1 day to his vacation. In addition, the Carrier would require an employee to work the day before and the day after a holiday to be eligible for holiday pay, if he is scheduled to work on those days.

The present option was made a part of the agreement when Eastern's operations had marked seasonal differences. Now operations are spread more evenly over the year. The existing provision thus causes a problem in vacation scheduling, along with an increasing economic effect. To require that employees work the day before and after a holiday is warranted, according to the Carrier, because these days usually are peak travel days and scheduled employees are needed for efficient operations.

The Union made no comment on the Carrier's proposal to remove the option of an added vacation day or premium pay for holidays. It argued, however, that requiring employees to work the days before and after a holiday was unnecessary because the Union knew of no abuses of this nature.

The Board recognizes that conditions may change over a period of years and that such changes may require adjustments in earlier contract provisions. In this case no economic loss to an employee would result from the Carrier's proposal since he would continue to receive premium pay for holidays worked. Moreover, improvement in the vacation provision for long-service employees has been recommended by the Board.

A provision requiring that all employees who are scheduled to work on the days before and after a holiday must report as scheduled in order to be eligible for holiday pay, is in accord with general industry practice. Further, such a provision is consistent with the needs of this industry in view of the service it must provide on peak travel days. The Board concludes, therefore, that the Carrier's proposal for changes in Article 10 are reasonable.

*Recommendation:* That the proposal be adopted.

(d) *Eastern Proposal No. 4*

The Carrier proposes to eliminate the classification, Ground Communications Technician, which includes about 20 employees. Formerly, Eastern maintained its own radio system to communicate with its pilots in flight, while all of the other carriers were with Arinc, which provided a joint service for them. Since the last negotiations, Eastern has sold its facilities and joined Arinc. The Carrier now wishes to eliminate this classification and restore the 20 employees to the general mechanic category from which they originally came. In the mechanic category, the Carrier indicated, the employees could be better utilized and would gain more employment opportunity.

It is clear from the record that the work formerly performed by Ground Communication Technicians no longer exists on Eastern. Formerly, these employees were included in the general category of mechanics; their pay rates are the same as those of mechanics. There appears to be no reason to continue to maintain a separate classification for them.

*Recommendation:* That the proposal be adopted.

(e) *Eastern Proposal No. 5*

The carrier proposes that the procedure for bidding shifts and days off be changed to require an employee to submit his written preference 7 calendar days after the supervisor issues the bid sheet. At the present time, both the bidding process and the assignment of shifts are conducted in order of seniority. This slows the bidding process so that a period of 2 or 3 weeks may elapse before assignments can be made. The proposed procedure would mean that all bids would be submitted simultaneously; the shifts would then be assigned according to seniority preference.

The Union raised no objection to this proposal in the course of the hearing.

On the basis of the testimony submitted, the Board finds the Carrier proposal reasonable.

*Recommendation:* That the proposal be adopted.

(b) *Eastern Proposal No. 6*

The Carrier proposes to add to Article 24—Sick Leave, the qualification that sick leave provisions will not apply to a day upon which an employee is not scheduled or required to work a regular shift.

The Carrier points out that all of its employees except those covered by the IAM contract receive pay for sick leave only when they are unable to work on scheduled work days due to sickness or injury. Until an arbitration award in 1963, the IAM sick leave provision was

administered in the same manner. As a result of this award the employees under the contract receive sick leave pay even though they would not have worked on the particular day. Thus, according to the Carrier, IAM employees receive this benefit under circumstances in which no other Eastern employees would receive such pay. The purpose of this proposal is to restore the uniform administration of sick leave for all of Eastern's employees.

The Union pointed out that a sick leave provision had been in the contract for many years, but did not question the facts cited by the Carrier with respect to the change in interpretation of the clause since the last negotiations. No reason was shown for an administration of sick leave different for IAM employees from other employees.

Sick leave pay is provided in labor agreements to protect employees from loss of income when they are unable to work because of sickness or injury. The purpose is to make the employee whole, not to pay him more than he would have earned had he been able to work. This purpose governs practice in industry generally, on other airlines, and for all Eastern employees except those organized by IAM. The Board believes that uniformity in the administration of sick leave pay should be restored at Eastern.

*Recommendation:* That the proposal be adopted.

(g) *Eastern Proposal No. 7*

The Carrier proposes a modification of the active service provision in Article 20(g) to incorporate current practice into the contract. The Carrier alleged that this proposal is largely a technical adjustment which had not been settled primarily because the same contract article was being held open by the Union on a different issue.

The Union made no comment on the Carrier proposed change in the active service clause except to express opposition. The Union stood on the language of the present agreement.

The Board notes that the language provided by the Carrier for a new Article 20(g) is substantially different from the language in the present Article 20(g), as shown by Carrier Exhibit 34. For instance, the proposed language of the Carrier for a new Article 20(g) eliminates the language of the present article referring to "periods of illness or injury not in excess of ninety (90) days" in connection with the definition of active service.

*Recommendation:* It is the opinion of the Board that the Carrier failed on the record to sustain its burden of proof on this issue. Therefore, the Board recommends that the proposal be withdrawn.

(h) *Eastern Proposal No. 8*

Eastern proposes certain changes in Article 19, System Board of Adjustment, in order to streamline the grievance procedure. The parties have agreed on an expedited procedure using a five-man panel of arbitrators. They have been unable to agree, however, upon a procedure to select the members of the panel.

*Recommendation:* That, if the parties have not agreed on the 5 members of the panel by the time the contract is signed, the National Mediation Board be asked to supply a list of 15 arbitrators and to outline a procedure by which the parties will select 5 names from the list.

2. UNION PROPOSALS

(a) *District 100 (Eastern) Proposal No. 1*

District 100 proposes an amendment to Article 2(B) defining the scope of the agreement. The Union contends that the Carrier has been contracting out work which properly comes under the jurisdiction of its IAM employees and that a change in the scope statement is required to protect the job security of the employees it represents. It points out that in the arbitration of grievances on this issue, arbitrators have held that such contracting out by unilateral company action does not violate the terms of the present scope statement. In support of its position, the Union presented substantial evidence of work currently being performed by employees of other companies.

The Carrier argues that acceptance of the Union proposal would force major changes in its operations. It would create problems in handling specialized work for which Eastern lacks the facilities; it would require assignment of employees to perform maintenance work at stations where there is insufficient work to justify their full-time employment. Further, the Carrier points out that there is a shortage of skilled employees at the present time and that there has been a steady increase in the employment by Eastern of workers in categories represented by the IAM. The Carrier also cites the fact that it performs a great deal of work on contract for other companies, work which is performed by employees in District 100. The Carrier asserts that greatly increased costs would result from the Union proposal in terms of unneeded capital and unnecessary employees.

Federal regulation of the Carriers is directed toward the welfare and convenience of the traveling public. In fulfilling that obliga-

tion a Carrier sometimes must maintain at least limited service at certain points. At such stations it may be more efficient to utilize some of the services of other Carriers, if there is insufficient work to maintain full-time employees in all categories.

In the opinion of the Board, the Union proposal in its present form would lead to a decline in the efficiency of operations and would not enhance the job security of IAM-represented employees. Moreover, there is clear evidence that both parties to these proceeding desire to achieve more nearly uniform conditions throughout the industry. They have negotiated in the past toward an equalization of rates of pay. They have agreed to bargain economic issues jointly in this case. The Board desires to support the parties in their efforts in this direction. Evidence has been presented that one of the five Carriers in this proceeding has negotiated a settlement of this issue, with another District of the IAM, which modifies the current contract language to meet the Union's objections. It appears in the interest of both parties generally to confirm the settlement of this issue on Eastern with the agreement reached by National.

*Recommendation:* That the parties adopt in principle the settlement between National Airlines and IAM, District 145, modified as necessary to take account of differences under their respective agreements.

(b) *District 100 (Eastern) Proposal No. 2*

District 100 proposes that leads in the various classifications shall make all work assignments to the employees assigned to their lead crews. The Union contends that historically assignments have been made by the leads but that Eastern recently changed its procedure so that the planner or foreman makes assignments, bypassing the lead. This practice, in the Union's view, is an infringement on its work jurisdiction.

The Carrier contends that the Union proposal would prevent any supervisor other than the lead from assigning work and thus would limit the production planning procedures of the Carrier, would require a lead on all assignments including temporary relief, and would interfere with management's right to control assignments. It is the position of the Carrier that the function of the lead to direct performance, not to determine assignments.

The record does not show any recent decrease in the number of lead jobs or that the function of directing work has changed.

Evidence presented does show that Eastern has developed production planning procedures through which a planner decides assignments in accordance with the overall needs of production. Clearly it is an exercise of management prerogative to establish the flow of work and to allocate responsibility for its direction. The Union proposal could limit the effectiveness of management planning for efficiency in operations.

*Recommendation:* That the proposal be withdrawn.

(c) *District 100 (Eastern) Proposal No. 3*

District 100 proposes an amendment to Article 20(G) to provide that an employee will not lose active service benefits as long as there is an employer-employee relationship or the employee remains on the seniority list. By this amendment the Union seeks to restore active service credits that employees lost during the strike of another union in 1962.

The Carrier points out that the IAM International did not support the strike and that the employees who lost active service credits could have retained them by reporting to work in accordance with the position of the International.

It is clear from the evidence that the active service credits here involved were lost because the employees participated in an unauthorized strike. The Board finds no basis for accepting the proposal.

*Recommendation:* That the proposal be withdrawn.

(d) *District 100 (Eastern) Proposal No. 4*

District 100 proposes an amendment in Article 24 to provide that absences due to legitimate use of injury and/or sick leave not to be charged against the employee's attendance record or used by the Carrier in support of discipline or discharge for absenteeism.

The Union protests the present Carrier policy of using sick leave or injury leave absences to build up a record of unsatisfactory attendance leading to disciplinary action. There are safeguards in the contract, the Union points out, against abuse of sick leave. The Union urges that neither sick nor injury leave, nor other absence authorized by management, should be made part of an employee's attendance record.

It is the Carrier's position that an unsatisfactory attendance record increases its costs of production, whatever the cause, and that the employee is protected by his right of recourse to arbitration. The Carrier contends that its attendance control program is fairly administered.

The Board recognized the Carrier's need to maintain control of the attendance of employees. Further, it is an accepted principle of industrial relations that persistent absenteeism is cause for discipline, including discharge, and that such determination usually are based on cumulative records. On the other hand, Eastern's attendance control program appears to consist solely of demerits, with no counterbalancing credit given for periods of good attendance records. It is the opinion of the Board that the counterproposals made by the Carrier on this issue move in the direction of accomplishing such a balance. The Board suggests that they go one step further by providing for redress of the employee's record when such action is supported by review of his record.

*Recommendation:* That the counterproposals of the Carriers be adopted with an additional provision for redress of the employee's record when warranted by review.

## B. NORTHWEST AIRLINES, INC., AND DISTRICT 143

### 1. CARRIER PROPOSALS

#### (a) *Northwest Proposal No. 1*

The Carrier has proposed elimination of the 20-minute paid lunch period provided for flight kitchen employees under the agreement.

The Carrier states that this amendment would make the flight kitchen personnel provision consistent with mechanic and plant protection agreements. Further, among the four domestic airline trunk carriers which operate flight kitchens, Northwest is the only carrier currently providing a paid lunch period. The Carrier maintains that the overlap available with an unpaid lunch period provides better continuity of work programing and reduces overtime requirements.

The Union claims that the paid lunch period actually benefits the company because it is scheduled during slack times, whereas the 30-minute unpaid lunch must be regularly scheduled. The Union denied that there would be any saving on overtime. The Carrier admitted that much of the overtime would be due to illnesses, weather, flight scheduling, et cetera.

This 20-minute paid lunch period for flight kitchen personnel is a provision of long standing on Northwest. At one time it was of benefit to the Carrier and, according to the Union, still is a convenience to the Carrier.

It is the view of the Board that contractual rights which exist in the present agreement, and which are the result of previous collective

bargaining negotiations, should not be modified by the Board in the absence of a clear justification by the proponents. The 20-minute paid lunch period provided for flight kitchen employees under the present agreement is a longstanding contractual provision. It is the view of the Board that the Carrier, on the record, failed to sustain its burden of proof on this issue.

*Recommendation:* That the proposal be withdrawn.

(b) *Northwest Proposal No. 2*

The Carrier proposed to revise the fixed starting time rule at line stations under Mechanic and Related Personnel agreements to permit the establishment of times which meet the needs of the service.

The Carrier claims that the purpose of this proposed change is to eliminate arbitrary and costly shift starting times at line stations. These times are presently unrelated to the workload generated by flight schedules. The Carrier's witnesses and exhibits established the fluctuation in the demands of service. These demands do not correspond to standard mandatory shift schedules now set in the contract. Further, the majority of domestic airline trunk carriers have rules which permit starting times limited only by the needs of the service. Of the remaining carriers in this case, only TWA has a rule as restrictive as Northwest.

The National Airlines Agreement on this issue provides that the starting times of shifts should be established in accordance with the needs of the service at each base.

The Eastern Air Line Agreement provides that the starting times of shifts shall be established in accordance with the needs of the service at each station provided that there shall be no more than 6 shifts each with a single starting time within a 24-hour period for any classification of employees involved.

The United Air Lines Agreement provides for not more than 5 starting times with a 24-hour period.

Only Northwest and TWA have detailed restrictive clauses in their agreements as to starting times on these two carriers which have given rise to the dispute over this issue.

The Board was impressed by the showing of the Carriers that some reasonable control of shift starting times should be within the prerogatives of management. It is the view of the Board, moreover, that some reasonable modification of Article VI, Section C, of the Northwest Agreement, would result in more efficient operation which in the long run would be of benefit to the Carrier, consumers and employees.

*Recommendation:* That the parties modify their present agreement

so as to include a provision, "That there shall not be more than five (5) starting times within a twenty-four (24) hour period for any classification of employees for a work area of a line station."

*(c) Northwest Proposal No. 3*

The Carrier proposes to amend the hours of service rule to provide that employees will not be required to report for work on a scheduled day off for less than 4 hours work or pay.

The Carrier testified that the purpose of this proposal is to modify the present 8-hour guarantee, providing what management considers a reasonable minimum of 4 hours of work or pay for an employee called to work or to train on a day off. Northwest is the only trunk carrier under contract with IAM which is required to pay a minimum of 8 hours.

The present provision in the contract providing for an 8-hour guarantee is one of long standing. As noted by the Board previously in this report, it is the view of the Board that contractual rights established through prior collective bargaining should not be modified by the Board in the absence of justifying proof from the proponents. The 8-hour guarantee, as it stands, presumably was considered a fair settlement by the Carrier when it accepted the provision in the first place. Acceptance at the time undoubtedly was considered favorably in light of other provisions agreed to by the parties in the give-and-take which produced the present agreement.

The Board believes, on the basis of the record before it, that the carrier controlling the scheduling of work hours should continue the negotiated provision in the present contract.

*Recommendation:* That the proposal be withdrawn.

*(d) Northwest Proposal No. 4*

The Carrier proposes a limited seasonal student employment program at locations where no regular employees are laid off.

The purpose of this proposal is to enable the Carrier to expand its program for seasonal student employment. The proposed rule would be subject to these qualifications: First, that no regular employee be displaced; second, that no student be employed at any location when regular employees in the classification are laid off; third, that preference for seasonal student employment be given to children of regular employees; fourth, that student employees present evidence of their intent to continue their education at an institution of advanced study; fifth, that seasonal positions will not exceed 90 days duration, will not be subject to the bulletin procedure, and will not establish seniority.

The Union favored the program but raised several objections. The

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Union felt that there were not sufficient regular employees in the classifications open to seasonal student employees. The Union also desired to continue the bulletin provisions for positions to be filled by such students.

The Board believes the company should be encouraged in continuing this program.

The students who would benefit from seasonal employment are children of the employees. The employees and the Carrier have a mutual obligation to resolve any problems created by the program. The primary objection of the Union is that all the students normally are assigned to the day shift while employees with substantial seniority must work on less desirable shifts.

The Board recognizes that the Carrier can use the students most effectively in groups and that in some instances the type of work they can perform may not be available except on the day shift. The Board believes, however, that the Union's objection could be overcome substantially if the Carrier would, to the extent practical, distribute student employees throughout all shifts.

*Recommendation:* That the proposal be adopted with a proviso that, where suitable work is available, the students be assigned to all shifts.

(e) *Northwest Proposal No. 5*

The Carrier proposes that standard work clothing required by the Carrier shall be sold at cost to the employees but shall be maintained by them.

The present agreements provide that all standard uniforms, caps and coveralls, which mechanics are required to wear, shall be furnished by the Carrier without cost to the employee, including the expense of laundering and cleaning. The Carrier does not require uniforms for plant protection employees. The Carrier points out that in the bargaining prior to the appointment of the Emergency Board the Union had a proposal on this same issue which would have required the company to provide and maintain standard work clothing for all employees at no cost to them. The Carrier offered its proposal as a reasonable compromise.

At the hearing before the Emergency Board the Union withdrew its request that the Carrier provide and maintain standard work clothing for all employees.

It is the opinion of the Board that the Carrier failed to sustain its burden of proof in support of its proposal for a change in the present agreement.

*Recommendation:* That the Carrier withdraw its proposal.

*(f) Northwest Proposal No. 6*

The Carrier proposes to eliminate the foreign service bonus, foreign vacation accrual, and the Anchorage housing, effective January 1, 1967, for approximately 11 employees hired in the States and stationed in Alaska before Alaska attained statehood.

In June 1946 Northwest was first certified to operate over the North Pacific route to the Orient. Because of the shortage of food-stuffs, household goods, and housing at Anchorage, the Carrier had difficulty staffing these stations. The so-called "foreign service addendum provision" was then negotiated into the contract to provide employees represented by the Union with certain additional benefits and/or compensation to offset the then existing hardships and undesirable living conditions. The Carrier is proposing to eliminate certain of these items; all other compensations provided for in the addendum would still be paid to the 11 employees.

The Union emphasized that employees hired in Alaska receive many additional benefits in overtime, holidays and vacations, as well as in hourly rates of pay.

It is the view of the Board that the contractual commitment made by the Carrier in the first instance to these 11 employees should be recognized as continuing for the length of their employment in Alaska. The Board believes that with regard to any new employees, the proposal of the Carrier is reasonable.

*Recommendation:* That the proposal be withdrawn as to the 11 employees and accepted as to new employees.

## 2. UNION PROPOSALS

*(a) District 143 (Northwest) Proposal No. 1*

The Union proposes that the Carrier furnish two positive annual passes for use over the Carrier's system during the term of office of the Union's president/general chairman and the general chairman. Use would be limited to flights in connection with Union business.

The Union now receives one positive annual pass which is used by the president/general chairman. Other Union representatives receive space-available passes, including the general chairman.

The Carrier argues that a space-available pass is sufficient. The Union's position is that reduced fares are given to certain youths, families, servicemen, et cetera, all of which have preference over space available passengers.

Although the second positive annual pass would be an additional expense to the Carrier, the Board believes the proposal of the Union is justified.

A great amount of travel is required in order to conduct necessary Union business for airline employees stationed at widely separated points. It is not unreasonable that two officials of the Union should be provided with transportation on the Carrier's planes to conduct that business.

In view of the uncertainty which now so often attends travel on a space-available basis, the Board believes that positive transportation should be provided for the general chairman as well as the president/general chairman.

*Recommendation:* That the proposal be adopted.

(b) *District 143 (Northwest) Proposal No. 2*

The Union proposes that newer and more efficient foul weather equipment and lightweight winter clothing for ramp personnel be furnished by the Carrier, laundering and cleaning costs to be borne by the Carrier.

The Union originally proposed that the Carriers provide and maintain standard work clothing for all employees at no cost to them. This proposal was withdrawn prior to the appointment of the Emergency Board and, therefore, was not before the Board for decision.

The final proposal of the Union involved issues similar to the proposal of the Carrier regarding standard work clothing. The Board understands that the Union and Carrier have discussed this matter and that the Carrier is aware of the type of foul weather equipment and lightweight winter clothing desired by the Union.

Although the Board feels that the selection and requirement of standard clothing is primarily a decision for the Carrier, the request of the Union is reasonable.

*Recommendation:* That the Carrier furnish newer and more efficient foul weather equipment and lightweight winter clothing as the Carrier's present stock of such clothing requires replacement, with laundering and cleaning costs to be borne by the Carrier.

C. TRANS WORLD AIRLINES, INC., AND DISTRICT 142

1. CARRIER PROPOSALS

(a) *TWA Proposal No. 1*

The Carrier proposes that the Union enter into a letter of agreement which would insure that the IAM-covered employees continue to render

their services to flights operated by the Carrier for U.S. military establishments even though the Carrier and the Union are involved in a strike or withdrawal of services by the Union in commercial operations.

TWA believes this proposal is in the national interest. The Department of Defense desires such an agreement between the Carrier and the Union. Lack of this agreement would have an impact on the Carrier's ability to obtain military contracts in which the employees also have a vital economic interest.

The Carrier submitted exhibits showing that the Union has entered into such agreements with United Air Lines, Northwest Airlines, Braniff Airlines, Continental Airlines. TWA has such agreements with other employee groups. Since military contract revenues represent only 1 to 2 percent of the Carrier's total system revenues, this proposal would not substantially reduce the Union's right to self-help.

The Union stated that flight engineers were not included in the letter of agreement on this issue. However, the Carrier claimed that the Flight Engineer's Union president had verbally agreed to this proposal.

The Board finds the provision requested by the Carrier clearly in the interest of national security.

*Recommendation:* That the proposal be adopted.

*(b) TWA Proposal No. 2*

The Carrier proposes that the scope clauses in the three agreements be amended to eliminate any ambiguity as to the Carrier's right to subcontract work not directly performed by the Carrier on its property.

The Carrier's position is that it presently possesses the right to subcontract work not directly performed on its property. It desires specific language because of the large number of allegedly unwarranted grievances filed by employees under the present agreement. The Union has an agreement including such language with Braniff Airways, Continental Airlines, and United Airlines. Similar language is contained in agreements between the Transport Worker's Union and American Airlines, and Pan American World Airways.

The Union's position is that this proposal would give the Carrier the unilateral right to contract out work not performed on the property.

The Carrier's proposal is not designed to reduce any present work opportunities available to its own employees in the bargaining unit, nor does it seek to dilute the Union's present work jurisdiction.

*Recommendation:* That the Carrier's proposal be adopted.

(c) *TWA Proposal No. 3*

The Carrier proposes that its mechanics and guards agreement be amended to permit the establishment of whatever number of shifts, at whatever starting times, operations and needs of the service require and that the requirements of Article VII(f) (that shifts in excess of three be confined to station crews serving flights) be eliminated. The required overlap of one-half hour between standard present shifts would no longer be mandatory.

The Carrier is presently limited to the establishment of three shifts at its major stations, the first shift not to start earlier than 6:30 a.m., or later than 8 a.m. Each shift is of 8 hours duration, exclusive of one-half hour for lunch. The second and third shifts are subject to a 30-minute overlap requirement.

Article VII(f) permits two additional shifts but restricts the additional shifts to station crews servicing flights; this would be in the terminal or station area. Additional shifts would not be utilized at the hangar and the air freight warehouse.

The Carrier established fluctuations in the demands for service which do not correspond with standard mandatory shift schedules now set out in the contract. Further, the majority of the domestic airline trunk carriers have rules which permit starting time limited only by the needs of the service. Of the remaining carriers, only Northwest Airlines has a rule as restrictive as TWA.

The National Airlines Agreement on this issue provides that the starting times of shifts should be established in accordance with the needs of the service at each base.

The Eastern Airline Agreement provides that the starting times of shifts be established in accordance with the needs of the service at each station provided that there shall be no more than six shifts each with a single starting time within a 24-hour period for any classification of employees involved.

The United Airlines Agreement provides for not more than five starting times within a 24-hour period.

On the other hand, Northwest and TWA agreements have the detailed restrictive clauses which have given rise to this dispute.

The Board was impressed by the evidence presented by the Carrier that reasonable control over shift starting times should be within the prerogative of management. It is the view of the Board, moreover, that reasonable modification of the hours of service section relating to shift starting time and Article VII of the agreement would result in more efficient operation which in the long run would be of benefit to the Carrier, consumers and employees.

*Recommendation:* That the parties modify their present agreement so as to include a provision, "That there shall not be more than five starting times within a 24-hour period for any classification of employees for a work area of a line station."

(d) *TWA Proposal No. 4*

The Carrier proposes to amend Article XIV (b), to eliminate the prohibition against suspension of an employee pending investigation by a safety committee for refusal to work on a job which is allegedly unsafe.

The Carrier testified that the adoption of this amendment would result in fewer attempts by employees to raise questionable health and safety issues. It also stated that the Safety Committee is not always readily available to pass upon safety issues.

The Union testified that even if the Safety Committee is not always available, IAM stewards are instructed to handle such problems until the Safety Committee becomes available. It further states that TWA has refused to participate in a system safety provision.

*Recommendation:* That the Carrier withdraw its proposal and that the contract be modified to permit IAM stewards and TWA foremen jointly to investigate such allegations if a Safety Committee is not readily available.

(e) *TWA Proposal No. 5*

The Carrier proposes to make permanent work assignments for ramp servicemen.

The Carrier testified that under the present agreement the ramp servicemen classification encompasses numerous duties involved in the handling of food and mail service, loading and unloading of mail, express and freight cargo handling, baggage handling and, at some stations, cleaning and fueling of aircraft.

The Carrier seeks a letter of understanding which would permit assignment of ramp servicemen to a particular work assignment for the purpose of permitting specialization and more efficient service. There was also some indication that overtime could then be worked by experienced personnel instead of requiring that it be available to all ramp servicemen in the general classification.

The Union replied that this proposal would, in effect, create departmental groups within the classification of ramp servicemen, establishing departmental seniority which the Union has opposed.

The Board is of the opinion that this proposal would result in more restrictive classifications.

*Recommendation:* That the Carrier withdraw its proposal.

## 2. UNION PROPOSALS

*(a) District 142 (TWA) Proposal No. 1*

The Union proposes to amend Article II(c) to require two ramp servicemen at all Carrier domestic stations, if there are two flights at the station within an 8-hour period.

The Carrier stated that only 6 of its 39 domestic stations are not staffed with ramp servicemen and that at these stations the activity is too light to warrant such staffing. Further, that no other carriers have a minimum staffing requirement.

The Board is convinced that there is not sufficient work at all stations to justify the minimum staffing proposal of the Union.

*Recommendation:* That the Union proposal be withdrawn.

*(b) District 142 (TWA) Proposal No. 2*

The Union proposes that the Carrier be prohibited from using legitimate sick and/or injury leave in certain cases for the purpose of discharging employees for excessive absenteeism.

The Union contended that legitimate absence for illness or injury should not be a basis for discharge.

The Carrier position is that management has a right to require regular attendance and to discharge for persistent absenteeism, including legitimate illness or injury. Numerous arbitration decisions are cited in support of the Carrier's position.

This issue is similar to Union issue No. 4 on Eastern Airlines. The Board finds no basis for disagreeing with the decisions of arbitrators that excessive absenteeism may justify discharge of an employee. For this reason as well as the reasons stated in District 100 (Eastern) Proposal No. 4, the Board cannot support the Union's proposal. The Board suggests that the Carrier provide for redress of the employee's record when such action is supported by review of it.

*Recommendation:* That the Union withdraw its proposal, and that the Carrier provide for redress of the employee's record, when warranted by review of it.

*(c) District 142 (TWA) Proposal No. 3*

The Union proposes that the Carrier be required to return employees' pass privileges to the status existing January 1, 1964, when a surcharge was imposed on first-class travel. The contract provides that this pass privilege is within the discretion of the Carrier.

In the agreement between the parties, the Carrier had provided pass privileges to all their employees. A small service charge is levied to cover costs. In the case of first-class travel, there is a surcharge

which is the charge complained of here. The Union position is that this pass privilege is an important fringe benefit and that the employees should not be required to pay a surcharge for first-class travel in addition to the service charge.

The Board considers the Carriers' employee pass privileges a liberal provision in the contract. It does not believe the surcharge imposed on first-class travel is an unreasonable charge.

*Recommendation:* That the Union proposal be withdrawn.

#### D. UNITED AIRLINES, INC., AND DISTRICT 141

##### 1. CARRIER PROPOSALS

###### (a) *United Proposal No. 1*

The Carrier proposes to amend the agreement to provide that passenger service employees may operate jetways. The Carrier argues that passenger agents performed this duty until an arbitration award granted ramp men the exclusive right to it. It is the position of the Carrier that passenger agents in any case are required to stand at the point where jetway controls are located, while ramp servicemen must be brought from one floor below, where their other duties are performed. The Carrier contends that the current procedure adds to its costs; that the change it has proposed would not result in layoffs, only in reassignments.

The Union argues that under the contract terms the "operation of automotive and other ramp equipment for service aircraft" is by definition within the scope of the ramp servicemen's work jurisdiction. It points out that, if the Carrier's proposal to assign the operation of jetways to passenger agents were accepted, it would take work away from bargaining unit employees and give it to workers who are not organized. Further, the Union points out that at the busier airports where jetways usually are located, there is sufficient work for a full-time employee to be assigned to this function.

The contract provision involved in this issue has been in the collective bargaining contract for many years. The Union's claim to the work under that provision has been sustained in arbitration. Evidence presented by the Carrier on this issue appears to the Board to be insufficient to warrant changing a long standing negotiated contract clause.

*Recommendations:* That the Carrier proposal be withdrawn.

###### (b) *United Proposal No. 2*

The Carrier proposes that ramp servicemen be permitted to receive and dispatch planes. The Carrier argues that none of the duties of

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receiving or dispatching aircraft requires the skill of a mechanic. At stations where no mechanics are assigned, station agents perform this function, while at four other stations, by agreement with the Union, either utility men or ramp servicemen perform the duties. At 22 larger stations only mechanics may receive or dispatch planes. The Carrier wishes to assign these mechanics to mechanic's work and to permit ramp servicemen to receive and dispatch planes at those stations. They state that no mechanics would be displaced.

The Union argues that it has been the practice for many years to use mechanics to perform this function at stations to which they are assigned. It insists that mechanics could be expected to observe conditions which might create safety problems a ramp serviceman is not trained to observe. Further, the Union argues that the Carrier is trying to get mechanic's work done by a lower pay classification and that this proposal will have the ultimate effect of removing a number of mechanics.

The testimony in the case showed that there are no FAA regulations requiring a mechanic to perform this function, as a matter of safety. Moreover, there is a shortage of mechanics at the present time to perform work for which a mechanic's skills are required. Since both parties agree that at many stations these duties are performed by personnel other than mechanics, the Board is persuaded that a mechanic's skills can be better utilized in other assignments.

*Recommendations:* That the proposal be adopted.

(c) *United Proposal No. 3*

The Carrier proposes to amend Article IV(H) to permit either utility employees or ramp servicemen to do interior through-cleaning and cabin setup. It is the Carrier's position that historically there was a difference between through-cleaning and turnaround cleaning which no longer exists. Ramp servicemen have performed a minimum amount of through-cleaning as an incidental part of their basic duties. Now there is little difference between through and turnaround flights. The Carrier therefore is seeking to use specialized utility crews to do all cleaning at larger stations.

The Union contends that, by this proposal, the Carrier is attempting to assign to lower paid employees work that formerly was performed by ramp servicemen.

There is no allegation either that ramp servicemen will be displaced under this proposal or that cleaning ever was more than a minimal part of their work. The Carrier's proposal would appear to lead to increased efficiency and improved service to the public. The Board

believes that no ramp service employees would be adversely affected by adoption of the Carrier's proposal.

*Recommendations:* That the proposal be adopted.

(d) *United Proposal No. 4*

The Carrier proposes an amendment to Article VII(F) to provide that an employee may be excused by his supervisor from working overtime if the needs of the service permit. The existing clause states that an employee will not be required to work overtime against his wishes. The Carrier contends that there have been instances where the employees engaged in a concerted refusal to work overtime to force concessions from management either in negotiations or at other times.

The Union states that the International has intervened to stop mass refusals to work overtime but that men cannot be forced to work overtime.

The Board cannot agree with the Union that employees have no obligation to work overtime. It is generally accepted industrial practice that reasonable amounts of overtime may be required by an employer. Moreover, in this industry, a mass refusal of overtime could adversely affect the service the Carrier is obligated to provide. More importantly, the safety of the public could be involved.

*Recommendation:* That the proposal be adopted.

(e) *United Proposal No. 5*

The Carrier proposes to eliminate the current provision in Article VII(I) which provides that employees be given 4 hours' notice of contemplated overtime. United urges that under present operating conditions management itself frequently does not know 4 hours in advance that overtime work will be required.

The Union indicated that, if the Carrier would make a satisfactory adjustment on overtime distribution, it would accept the Carrier's proposal.

The Board has indicated in certain of its other recommendations that it recognizes and supports the efforts of the parties to move toward greater uniformity in working conditions in this industry. In the contracts of two other airlines, parties to this case, a similar contract provision includes exceptions to the rule specifying 4 hours' notice of overtime. The Board therefore suggests a similar provision here.

*Recommendation:* That employees shall be given 4 hours' notice of contemplated overtime work, except in cases of emergency and at line stations where interruptions of flight schedules make a 4-hour notice impossible.

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*(f) United Proposal No. 6*

The Carrier seeks to amend Article X(A-2) and (I) to permit the extension from 30 to 90 days of the time limit within which jobs higher than mechanic can be filled without being bulletined. United argues that fluctuating workloads result in a need to make temporary re-assignments for periods in excess of 30 days. To replace a lead for a temporary period, the Carrier contends, creates a chain reaction of vacancies which later must be reversed by layoffs.

It is the Union position that the present contract provision requiring the bulletining of vacancies in excess of 30 days is current practice. The Union rejects any change.

Provisions that vacancies in excess of 30 days must be bulletined are common in labor agreements generally as well as in this industry. Testimony presented by the Carrier fails to demonstrate any handicap to its operations as a result of the present contract clause which would warrant departure from this widely accepted practice.

*Recommendation:* That the proposal be withdrawn.

## 2 UNION PROPOSALS

*(a) District 141 (United) Proposal No. 1*

The Union proposes that Articles IV(A) and V(A) be amended to provide that all assignments be made by the lead to his crew except that, when he is not readily available, the foreman or supervisor shall make such assignments. Further, the Union proposes that a lead shall be on duty when 3 or more employees are on duty and no lead shall direct the work of more than 11 employees. The Union agreed that these ratios are generally maintained by United but cited instances where no lead is employed.

The Carrier contends that flexibility is necessary in permitting supervisors to give assignments and in determining whether there is need for a lead.

The Board believes that the Union proposal could lead to restrictions on the Carrier's operations which would handicap efficiency. Moreover, such a clause in the contract places an unwarranted limitation on the Carrier's prerogative to manage its operations.

*Recommendation:* That the proposal be withdrawn.

*(b) District 141 (United) Proposal No. 2*

The Union proposes that Article IV(B) be amended to restore the right of mechanics to receive and dispatch aircraft at the four stations where, by agreement in 1961, the work was assigned to ramp servicemen.

The Carrier contends that such a restriction would require assignment of mechanics to work in which their skills could not be utilized.

For the same reasons given in its decision to permit the use of ramp serviceman to perform this function at other stations (United Proposal No. 2), the Board finds no basis to limit assignment of this function to mechanics.

*Recommendation:* That the proposal be withdrawn.

(c) *District 141 (United) Proposal No. 3*

The Union proposes that system overtime rules be adopted which would include provision for equalization of overtime and pay for bypass. It contends that local agreements which govern the distribution of overtime have functioned unsatisfactorily and that many grievances have resulted from overtime bypass. The Union insists on pay for bypass and on assignment on the second day off if the same employee is still the low man.

The Carrier has agreed to a uniform set of system overtime rules. It opposes bypass pay, contending that existence of the penalty does not eliminate errors. Overtime assignment on the second day off is opposed because pay would be at double time rather than time and one-half as it would be if assigned to another employee.

The Board finds that the parties are in substantial agreement with respect to new system overtime rules, except for bypass pay and second-day-off assignment. The purpose of an equalization of overtime provision is to insure all employees a fair opportunity to work at premium rates. Generally, such clauses provide that the opportunity should be equalized over a specific period such as 30 or 90 days. An opportunity missed is not lost; it may be deferred. But if an employee is consistently bypassed he has a remedy through grievance machinery. Moreover, the obligation of the employer under an equalization of overtime clause is normally not as restrictive as under seniority clause. The Board, therefore, finds no basis to recommend instituting bypass pay where it does not now exist.

As to the second day off at double pay, the same arguments generally apply. Labor organizations typically have sought an increased overtime penalty to discourage 7 day assignments. It cannot then be argued that having achieved inclusion of the penalty rate in the contracts, employees must be assigned on the seventh day. There is no basis for imposing a penalty on the employer because the same employee is still low man on the overtime list. The employee is not thereby entitled to extra premium pay, or the employer subject to

the extra penalty, so long as over a fixed span of time overtime work opportunities are offered as equally as possible to all employees. The Board finds no support in general industry practice for this penalty provision.

*Recommendation:* That the system overtime rules proposed by the Union on which general agreement has been reached be adopted, but that the rules should not include bypass pay or assignment on the second day off if the same employee is still low man.

(d) *District 141 (United) Proposal No. 4*

The Union proposes that the present point seniority provision be replaced by system seniority. The Carrier has agreed to the Union proposal except that it includes two conditions which are unsatisfactory to the Union. The Union insists that every vacancy be bulletined as it occurs, while the Carrier desires permanent bids. The second condition that the Union rejects is a provision that the Carrier would not be required to accept bids for vacancies created by employees voluntarily transferring by bid. The Union contends that both of the Carrier's conditions would prevent reasonable application of seniority preference.

The Carrier supports its first condition by pointing out that the Ramp and Stores agreements now have permanent bid procedures which are less time consuming and costly than the current Mechanics agreement procedure of bulletining each bid. With system seniority, transfers would be likely to increase and to cause new problems unless a permanent bid procedure is adopted. Because the Carrier anticipates a substantial increase in transfers with an accompanying high cost of training on different equipment, it has proposed the second condition as a deterrent to an excessive number of transfers.

The testimony indicates that permanent bids are now the accepted practice for other United employees organized by IAM. It is in accord with the parties' general approach toward greater uniformity of working conditions that the same practice should be incorporated in the proposed system overtime rules for mechanics. The Board finds, further, that the effect of widespread chain-bumping, which could occur under system seniority, would be to impose a burden of high costs on the Carrier. The Carrier has agreed to the Union's proposal on seniority; that their agreement should also require the assumption of unnecessary costs appears to be unreasonable.

*Recommendation:* That the Union's proposal be adopted and that the two conditions of permanent bids and no requirement to accept

bids on vacancies created by voluntary transfers be included in the contract provision.

## VI. CONCLUSION

The Board is grateful to the representatives of the International Association of Machinists and Aerospace Workers and the five Carriers for their diligence, good will, candor, and objectivity. The Board is impressed with the obvious sincerity of the parties and with their desire to present the facts as they saw them; this they have done without the bitterness or resentment which might unduly delay eventual agreements.

Their cooperation has assisted the Board in the performance of its duties; we in turn sincerely hope that the Board's recommendations will help them to reach prompt settlements. With 60 percent of our air transport industry involved, any delays would threaten the welfare of the country and the convenience of many Americans.

The parties have provided the Board with a good record to which the Board has given full consideration.

The Board strongly believes that in the public interest the disputes submitted to it should be settled in accordance with its recommendations.

Respectfully submitted.

- (S) Wayne Morse,  
WAYNE MORSE, *Chairman.*
- (S) David Ginsburg,  
DAVID GINSBURG, *Member.*
- (S) Richard E. Neustadt,  
RICHARD E. NEUSTADT, *Member.*

Senator MORSE. Also, because it bears on the first point I shall make, I ask that the editorial in this morning's Washington Post concerning the emergency, which disagrees, as I disagree, with the position of the administration, taken in this case, which amounts, really, to a postponement of congressional action, and the editorial in this morning's New York Times, "Politics Versus Public Interest."

I ask to have those inserted as introductions to my testimony.

The CHAIRMAN. Without objection, it is so ordered.

(The editorials referred to follow :)

[From the Washington (D.C.) Post, July 28, 1966]

#### WOODSHED, BUT NO EMERGENCY

It is difficult to follow the reasoning behind Labor Secretary Wirtz's opposition to congressional action in the 20-day-old airline strike. The Secretary does not regard the situation created by the strike as an emergency, although he readily admitted that it may soon reach the emergency stage. His current estimate is that "We are confronted with a serious, substantial, adverse impact on the national interest." Well, if this does not amount to an emergency, how serious does this "adverse impact on the national interest" have to become before it will produce action in Administration circles?

The remedy offered by Mr. Wirtz seems to us equally inconsistent. He suggested to the Senate Labor Committee that Congress send the deadlocked negotiators "back to the woodshed" of collective bargaining with a threat to use a "paddle" if they do not reach a settlement. In the first place, a congressional committee has no authority in this sphere. And how could Congress itself pass a law telling the parties that they must agree, or else? To our way of thinking, any such attempt at intimidation would be far more troublesome from the viewpoints of both labor, management and government than the kind of emergency act proposed by Senator Morse.

Secretary Wirtz acknowledged that he had received more than 2000 telegrams and letters from members of Congress, officials, businessmen and others expressing grave concern over this dispute. Yet all he has to suggest by way of governmental action is an empty threat to crack down on the parties if they fail to agree. This negativism in high places after nearly three weeks of paralysis on five airlines is in itself disturbing.

One of our greatest statesmen, James Madison, once said in a letter to Edward Everett:

"A political system does not provide for a peaceable and authoritative termination of occurring controversies, would not be more than the shadow of a government . . ."

It is a mistake to suppose that the Government must wait, in critical situations of this kind, until the national defense has been impaired or until the public health or safety have been gravely undermined. Congress has complete authority to regulate interstate commerce in the national interest. It has an obligation to the public to keep essential transportation services running, and this authority ought to be exercised in an orderly way without meaningless threats of taking anyone "to the woodshed."

After a visit to the White House, Senator Morse revised his bill calling for a 180-day suspension of the strike by eliminating any suggestion that it might be contingent on a presidential finding of a national emergency. He would justify congressional action by a finding that the tie-up threatens to interrupt commerce and deprive regional areas of vital services. This is all that is necessary to justify the mild action proposed to the Senate Labor Committee.

If the emergency continues, we think the Committee and Congress will have no alternative to proceeding along this line.

[From the New York (N.Y.) Times, July 28, 1966]

POLITICS VERSUS PUBLIC INTEREST

The only conclusion possible from Secretary of Labor Wirtz's testimony on the airlines strike is that politics is the chief yardstick the White House applies in determining when the cut-off of an essential service creates a national emergency.

The Secretary's recommendation that Congress scrap plans for an immediate back-to-work law and give "free collective bargaining" another chance was a clear capitulation to the dictates of organized labor. Twenty-four hours earlier, while the Senate Labor Committee held off its hearing at the Administration's request, George Meany had given the White House its cue.

"No danger to the nation's health and welfare and no threat to national defense have been demonstrated," the A.F.L.-C.I.O. president declared. "The air traveling public has, of course, been inconvenienced, but inconvenience is a small price to pay for freedom."

Mr. Wirtz put it differently, but came up with the same answer: Do nothing right away. This a week after President Johnson had declared that the strike was trying "the patience of the American people" and that the time had come for a settlement. Mr. Wirtz acknowledged that the tie-up already has had "a serious, substantial, adverse impact on the national interest" and that its prolongation would bring the country to a "crisis" stage at some point.

Why the nation must wait until the hardship becomes intolerable before Congress acts, the Secretary failed to make clear. Even more obscure was his idea of how "free collective bargaining" can be secured in a dispute that has already been reviewed by a Presidential emergency board. That board, headed by Senator Wayne Morse, recommended wage increases that went beyond the Administration's anti-inflation guideposts. The President urged both labor and management to follow these proposals; the airlines not only accepted them, they betted them. The striking machinists still say no.

Presumably what Mr. Wirtz means by his prescription that Congress send both sides "back to the woodshed" with a settlement deadline is that pressure will now be exerted on management to save the union's face by giving it more money. Such appeasement of labor under White House aegis has been the historic road to instability in industrial relations and to wage-price inflation. The airlines, as a regulated industry enjoying record prosperity, are in poor position to hold out against what the Administration wants.

The course Secretary Wirtz has charted points more surely to the destruction of "free collective bargaining" than to its preservation.

Senator MORSE. The first issue that I would like to raise with the Board is the issue: Does an emergency exist which threatens substantially to interrupt interstate commerce to a degree such as to deprive any section of the country of essential transportation services?

I would ask next to have inserted at this point in the record my amended resolution which contains the language of the National Railway Labor Act.

The CHAIRMAN. Without objection, it is so ordered.  
(The resolution referred to follows:)

89TH CONGRESS  
2D SESSION

# S. J. RES. 181

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## IN THE SENATE OF THE UNITED STATES

JULY 25 (legislative day, JULY 22), 1966

Mr. MORSE (for himself and Mr. JAVITS) introduced the following joint resolution; which was read twice and referred to the Committee on Labor and Public Welfare

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## JOINT RESOLUTION

To provide for the settlement of the labor dispute currently existing between certain air carriers and certain of their employees.

1        *Resolved by the Senate and House of Representatives*  
2        *of the United States of America in Congress assembled,*  
3        That (a) the Congress does hereby find and declare that a  
4        labor dispute between Eastern Airlines, Incorporated, Na-  
5        tional Airlines, Incorporated, Northwest Airlines, Incorpor-  
6        ated, Trans World Airlines, Incorporated, and United Air  
7        Lines, Incorporated and certain of their employees repre-  
8        sented by the International Association of Machinists and  
9        Aerospace Workers, a labor organization, threatens essential  
10       transportation services of the Nation; that it is essential to

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1 the national interest, including the national health, safety, and  
2 defense, that essential transportation services be maintained;  
3 that all procedures for resolving such dispute provided for in  
4 the Railway Labor Act have been exhausted and have not  
5 resulted in settlement of the dispute, including a report and  
6 recommendations of the emergency board Numbered 166, a  
7 proffer of arbitration and mediation with the parties by the  
8 National Mediation Board; further, that the efforts of the  
9 National Mediation Board and the Secretary of Labor to  
10 settle this dispute have been unsuccessful; and that it is de-  
11 sirable to achieve a settlement of this dispute in a manner  
12 which serves the public interest and economic stabilization  
13 and which preserves the free collective bargaining method.

14 (b) The Congress therefore finds and declares that  
15 emergency measures are essential to the settlement of this  
16 dispute and to the security and continuity of transportation  
17 services by such carriers.

18 SEC. 2. The period of time provided for in section 10  
19 of the Railway Labor Act, paragraph 3, during which no  
20 change except by agreement, shall be made by the parties  
21 to the controversy, or affiliates of said parties, in the con-  
22 ditions out of which the dispute arose, is hereby reinstated  
23 and extended, for one hundred and eighty days, effective  
24 immediately. During said period of time none of the parties

## 3

1 to the controversy, or affiliates of said parties shall engage  
2 in or continue any strike or lockout.

3       SEC. 3. The President shall, at the earliest possible date,  
4 appoint a Special Airline Dispute Board which shall engage  
5 in mediatory action directed to promoting agreement be-  
6 tween the parties. Any such agreement shall provide that  
7 the wage settlement provisions be retroactive to January 1,  
8 1966. Notwithstanding any other provision of law, each  
9 member of the Board shall be compensated at a rate pre-  
10 scribed by the President for each day together with neces-  
11 sary travel and subsistence expenses.

12       SEC. 4. If the agreement has not been reached within  
13 one hundred and fifty days, the Board shall make recommen-  
14 dations to the President, and the President shall advise the  
15 Congress, regarding terms or procedures which will assure  
16 final settlement of this dispute in the public interest and with-  
17 out further interruption of the continuity of transportation  
18 services by these carriers.

19       SEC. 5. (a) Upon suit by any of the parties to the  
20 aforesaid dispute or by the Attorney General the several  
21 district courts of the United States shall have jurisdiction to  
22 restrain any violations of section 2 of this joint resolution.  
23 Whenever it shall appear to the court before which any  
24 proceeding under this section may be pending, that the ends

4.

1 of justice require that other parties should be brought before  
2 the court, the court may cause them to be summoned,  
3 whether they reside in the district in which the court is held  
4 or not; and subpoenas to that end may be served in any  
5 district by the marshal thereof.

6 (b) In granting an injunction or relief under this sec-  
7 tion, the jurisdiction of such court sitting in equity shall not  
8 be limited by the Act entitled "An Act to amend the Judi-  
9 cial Code, to define and limit the jurisdiction of courts sitting  
10 in equity, and for other purposes," approved March 23,  
11 1932 (29 U.S.C. 101-115).

12 SEC. 6. If any provision of this joint resolution or the  
13 application thereof is held invalid, the remainder of this joint  
14 resolution shall not be affected thereby.

Senator MORSE. There is no question but what the transcript shows what Mr. Wirtz had to say in answer to a specific question from Senator Javits yesterday :

Senator JAVITS. Finally, Mr. Secretary, it is a fact that, although you do not arm us with a finding of national emergency, I think that is the clear implication of your testimony, and you do testify that the test set out by the Railway Labor Act has been met.

Do you testify that this strike has resulted in a substantial interruption to interstate commerce such as to deprive sections of the country of essential transportation service?

Secretary WIRTZ. Yes, sir. And further, Senator, that finding was, of course, made by the President as a basis for the invoking of the Railway Labor Act.

Mr. Chairman, Secretary Wirtz was notified by me yesterday morning of the amendment that I had made to my resolution. My relationships with Secretary Wirtz are both of a high order of professional relationship and they also represent a very close, personal relationship.

I told you yesterday that I was in a long conference the night before now putting on completely my senatorial hat and would not further engage in work in my capacity as chairman of the Emergency Board by way of seeking to settle this dispute on the basis of the new position which the administration had come to take, in support of which he would testify yesterday afternoon. He fully understood it.

I told you yesterday that I was in a long conference the night before last at the White House, where Mr. Ginsburg and I were notified that the administration was going to take the position in the hearing yesterday that no national emergency existed that called for legislation at this time. It might very well, in the not-to-distant future, exist and, therefore, they were going to seek, as Secretary Wirtz testified yesterday, further mediation sessions.

I shall not go into any detail as to the position I took other than that I disagreed with that position. I went home and after some hours of deliberation decided to modify my amendment as I modified it yesterday, on my own.

That leads me to the first point I now wish to discuss: Does an emergency exist which threatens substantially to interrupt interstate commerce to a degree such as to deprive any section of the country of essential transportation services?

The burden of proof on this question is established by the testimony of the administration witnesses of yesterday. Secretary Wirtz testified that the strike of these five carriers has "caused extensive disruption in air travel and transport generally"; "hurt particular businesses and particular areas badly"; "slowed up the postal service significantly."

He stated that 150,000 passengers a day have been grounded; that 5 of the 100 top city pairs are without direct one-carrier service:

We calculate that at the present rate, the struck airlines are incurring a loss of about \$7 million per day in passenger, cargo and mail gross revenues. Taking into account the offsetting gains in revenue by the non-struck lines, railroad, truck and bus lines, we estimate that the gross revenues for the entire transportation industry are reduced by \$1 million a day. The indirect effects are estimated as of about the same order of magnitude.

We have many reports of the indirect impacts on hotel business and resorts. It appears that certain localities are seriously affected. Hotel occupancy is down in some cities.

There are other secondary effects which should be mentioned:

The rapid shipment of spare parts for repairs is often a matter of critical importance.

Perishable commodities such as cut flowers or fresh seafood cannot be shipped long distances except by air.

Air shipment is the preferred method of shipping delicate electronic and scientific equipment.

According to the Federal Reserve Board, the strike has affected the normal float by increasing it from \$275 million to \$900 million daily, with an average increase of \$570 million daily. The excess of float resulting has an inflationary effect according to the Federal Reserve Board. Without a detailed study, it is almost impossible to determine the financial losses experienced by individuals using the mails for business, such as deposits to banks by mail, payment of bills, et cetera, but it is generally considered to be a substantial sum of money.

With regard to mail delay, Assistant Postmaster General Hartigan stated in his statement:

The loss of this available capacity and schedules has resulted in delays of up to 24 hours, and in some instances where important connections are lost, and congestion or limited capacity is acute, delays could be as much as 48 hours.

In addition, the Civil Aeronautics Board in its report to the National Mediation Board of April 15, 1966, stated in paragraphs 2 and 3 the following:

2. At least 800 one-carrier, non-competitive airline markets (city-pairs) involving one or more passengers per day, would receive no airline service. The total number of markets which would be without airline service would be substantially larger \* \* \*.

May I go back to say I think they made a typographical error of their own. Where it says "passengers" it should be "flight," but the testimony is "passengers."

The total number of markets which would be without airline service would be substantially larger if competitive markets served by at least two of the five carriers were included, i.e., New York-Denver served by both TWA and United.

3. Eighty-two communities will be deprived of all scheduled trunkline service, although some will continue to be served by local service carriers. Included in these cities are some vital defense and space installations on both the East and West Coast.

If further proof is needed by the committee that there has been substantial interruption of interstate commerce to sections of the country, I refer you to the statements of our colleagues in the Senate, and Mr. Curtin's statement of yesterday. Mr. Curtin quoted the CAB action on pages 3 and 4 of his statement as follows:

Not only have the National Mediation Board and the President spoken forcefully upon the disruption of essential national transportation services caused by this dispute, but the Civil Aeronautics Board has also come to this conclusion. On July 9, 1966, in Order E-23926, the Civil Aeronautics Board recognized that because there was little airline capacity not already being used, it (the CAB) could take action which could "have only a negligible effect" upon the dispute. The Civil Aeronautics Board nevertheless saw that the strike required extraordinary measures and granted emergency authority in an attempt to alleviate some of the public's suffering which occurred as 61 percent of its domestic trunk service was removed by the strike.

The CAB said:

This strike has created an emergency situation of major proportions. The five trunkline carriers handle well over one-half of the Nation's domestic passenger traffic—approximately 85,000,000 passengers during 1965—and collectively they serve over 230 important cities, over 70 of which are left completely without trunkline service as a result of this strike. Manifestly, a shutdown of service of this magnitude will work substantial hardship on the public. Also, as the President has stated, the work stoppage could bring a disruption of the movement of "men and materials" needed to support our commitments to freedom's cause throughout the world."

"In many of the airline markets the carriers in this group provided the only air services available. For example, between Seattle/Portland and such important cities as the Twin Cities, Milwaukee, Chicago, Detroit, New York and Washington, there are no regular through services. In the New York-Miami and Chicago-Miami, as well as other important Florida markets, at least two-thirds of the service was provided by one or more of these carriers.

On the transcontinental routes, two-thirds of the service between the principal Eastern cities and Los Angeles and San Francisco was operated by the struck carriers. In the Northeast corridor, the shutdown of operations by Eastern has affected approximately 85 percent of the traffic moving between Boston, New York and Washington.

Similarly, termination of this carrier's services has removed the only regular air service between Huntsville and Cape Kennedy.

The Civil Aeronautics Board only this week tried to alleviate the traffic jam of defense, space and technical travelers between Washington, D.C. and Huntsville, Alabama, by asking a local service carrier to try to fly its equipment over this long route. This stop-gap effort was done at the request of NASA.

There are now 68 cities in the United States without trunkline service, including five State capitals. Included are such important cities as Akron, Allentown, Harrisburg, Lansing, Lincoln, Madison, Milwaukee, Moline, Norfolk, Richmond, Spokane and Youngstown. In addition, there are more than 25 cities deprived of all their air transportation.

A survey of the 100 top markets in the country shows that 65 of them have lost between 50 and 100 percent of their air transportation service. Among the major cities most severely damaged are Tallahassee, Florida, a State capital which has no air service; Mobile, Alabama, which has lost 98 percent of its trunkline service; Flint, Michigan, which has lost 91 percent of its service; and Baltimore, Pittsburgh, Richmond and Toledo, all of which have lost more than 80 percent of their trunkline service. Some 87 cities have been deprived of 50 percent or more of their normal air transportation service.

For a summary of the statements of our colleagues, I refer you to the appendix to Mr. Curtin's statement filed with the committee, and others which I have here, which I will not refer to now, not included in the appendix.

Further, I remind you that the National Mediation Board and the President made this same determination posed by this question when an Emergency Board was created by the President in the Five Carrier-IAM dispute on April 21, 1966, and the American Airlines-TWU dispute on July 27, 1966.

There would have been no appointment to either one of these Boards if the President had not made the finding that there was a dispute which threatened substantially to interrupt interstate commerce to a degree such as to deprive any section of the country of essential transportation service.

There is one other main point I want to cover before I take your question. That is under the question: Is the Railway Labor Act language in my amendment to Senate Joint Resolution 181 sufficient basis for ordering strikers back to work?

Here is a charge of strikebreaking by some of our labor leaders who are seeking to prevent the passage of any legislation by the Congress, charged by some of their lawyers. There is a situation here which gives us a legal basis for our course of action.

The answer to this question as to whether or not the language supports legislation is clearly and unequivocally "Yes." The language in question is contained in the Railway Labor Act, section 10:

\* \* \* threaten substantially to interrupt interstate commerce to a degree such as to deprive any section of the country of essential transportation service.

That is the language.

A finding by the National Mediation Board, and subsequently the President, triggers the appointment of an Emergency Board. The Board has 30 days to make its investigation and report to the President. During this 30 days, and for 30 days after the report is filed, no change, except by agreement, shall be made by the parties to the controversy in the conditions out of which the dispute arose.

In effect, then, upon a finding in accordance with the language of section 10, which I have included in Senate Joint Resolution 181, the parties are enjoined from a lockout or strike. Certainly if it is legal and constitutional to so enjoin a strike under the Railway Labor Act, it is under Senate Joint Resolution 181.

In addition, there are a number of cases which support the proposition that Congress can legislate return-to-work laws under the general interstate commerce powers.

1. At the outset, it should be noted that the courts have considered transportation to be a particularly appropriate subject for congressional regulation. There is, of course, no question as to the interstate nature of the air transportation as viewed here. The routes of all of the struck carriers cross State lines. They carry passengers and cargo from State to State. See *Island Airlines v. United States* (352 F. 2d 735 (9th Circuit 1965)) (commercial air travel wholly within Hawaii held to be interstate commerce).

Thus, it is difficult to conceive of any type of business which is more interstate in character than the commercial air transportation of the struck carriers.

In addition, air transportation, like railroad transportation, is affected with the public interest. For this reason, each industry is already subject to congressional and agency regulation of a quite detailed nature. And it is these two elements—the clearly interstate nature of and the basic public interest in transportation—which have caused the courts to give Congress broad latitude in the regulation of transportation.

An example of this latitude is found in *Wilson v. New*, 243 U.S. 332, where the court upheld a congressional statute which ended a railway strike, sent the employees back to work and prescribed the precise terms on which work was to be continued for up to 9 months.

In this case, the Congress set the wages of the employees. In this case, the Congress set the hours of work of these employees.

What this case really adds up to, gentlemen, is that the Congress arbitrated the case. Its decision was to apply for a period of 9 months, leaving it up to the parties thereafter to enter into whatever agreement they could.

This case is such a strong case, as you analyze the language of the case, that it ought to put at rest any question as to whether or not we can go this short distance that I propose to go in my resolution, which only says to the parties, "You are going to go back to work; you are going to work under your old agreement subject to retroactivity to January 1, 1966, when it is finally settled."

The period will ask for 180 days. In 150 days, a special board appointed by the President shall make a report to the Congress, giving them 30 days in which to determine whether or not they want to pass different legislation.

Furthermore, may I say there is a reason for the 180 days. I want the record to show it. I based it upon good advice that I got at that

time from the administration: that is, they wanted the Congress back in session. The parties would have a chance to settle it ahead of time, but the 180 days puts the Congress back in session and the 150 days gives the Congress 30 days in which to pass more legislation.

Now, I happen to think that Congress acted very unwisely in following that course of action. It went beyond compulsory arbitration. The Congress became the arbitrator. But that is beside the point. Rather, the significance of *Wilson v. New* is that under the Constitution, the Congress has very wide powers under the commerce clause to regulate transportation and, in particular, to deal with labor disputes resulting in serious strikes in that industry. For as the Supreme Court stated in that case:

When one enters into interstate commerce one enters into a service in which the public has an interest and subjects one's self to its behest. And this is no limitation of liberty; it is the consequence of liberty exercised, the obligation of his undertaking, and constrains no more than any contract constrains. The obligation of the contract is the law under which it is made and submission to regulation is the condition which attaches to one who enters into or accepts employment in a business in which the public has an interest. See also *Brotherhood of Locomotive Firemen & Enginemen v. Chicago, Burlington & Quincy Railway Company*, 225 F. Supp. 11, 21-22 (D.D.C. 1964), aff'd, 331 F. 2d 1020 (D.C. Cir. 1964).

Senator KENNEDY of Massachusetts. Was that during the First World War, that case?

Senator MORSE. The dispute arose in 1916 and the decision was in 1917.

2. General constitutional principles applicable to regulation of interstate commerce likewise support the constitutionality of the Morse resolution.

In passing upon cases predicated on such commerce, the courts adopt a very simple approach. They first ask whether the object of congressional regulation may be rationally said to move in or affect interstate commerce—the interstate nature of air transportation here requires no argument.

After concluding that interstate commerce is involved, the courts then determine whether there is a rational connection between the problem which the legislation seeks to meet and the method chosen by the Congress to deal with it. The court's function is not to decide whether the methods chosen were the best or the wisest ways of regulating the commerce. These are the responsibilities of the legislature.

The court's job is ended once it decides if there was a reasonable tie between the evils against which the act is drawn and the means chosen to cope with the evils.

And in deciding the degree of rationality required to uphold the constitutionality of congressional regulation of commerce, the court properly accords great latitude to the Congress. Indeed, I know of no case during the last 25 years in which the Supreme Court has held to be unconstitutional a statute dealing with something which the Court has concluded to move in or affect interstate commerce.

The earlier cases just remove any doubt as to the constitutional right of the Congress to come in and regulate interstate commerce.

Thus, in *Atlanta Motel v. United States*, 379 U.S. 241, upholding the constitutionality of the public accommodations provisions of the 1964 Civil Rights Act, the Supreme Court described the judicial function in interstate commerce cases in explicit terms.

\* \* \* The only questions are: (1) whether Congress had a rational basis for finding that social discrimination by motels affected commerce; and (2) if it had such a basis, whether the means it selected to eliminate that evil are reasonable and appropriate. \* \* \* Id. at 258-259.

These tests are easily met here. First, air transportation is clearly interstate commerce. Second, the means contemplated by the Morse resolution—a 180-day no-strike period during which time mediation will go forward and in which any agreement with respect to wages will be retroactive to January 1, 1966, are “reasonable and appropriate” to “eliminate the evil”—a tieup of essential air transportation services which has inflicted heavy and continuing damage to the national interest and to the traveling public.

While it could be argued that the Morse resolution is not the only rational means of coping with the current strike, it cannot fairly be said that it is not a rational means of dealing with the strike.

3. When essential transportation services are threatened, section 10 of the Railway Labor Act calls not only for the establishment of an Emergency Board, but also for a ban on strikes or lockouts during the 60-day period the Emergency Board is considering and has reported on the dispute. 45 U.S.C. 160.

You don't hear a charge of strikebreaking at that time, do you? The applicants of the Railway Labor Act for 60 days stopped the strike or prevented them from striking. It made clear they had to work. And they work under the terms of the old agreement.

My bill extends it for another 180 days, giving the parties further time to try to reach a settlement, and it sets up another mediation board to try to lead them to a conscionable compromise.

There are no cases on this point only because the law is so clear that neither management nor labor has ever thought it worth the trouble to make a contrary argument or to challenge this section of the Railway Labor Act.

This section of the Railway Labor Act, I repeat, has never been challenged in the courts of this country because it has been recognized that it falls clearly within the interstate commerce regulating powers of the Congress.

Since the Morse resolution merely extends the section 10 period during which work and mediation is to proceed, it can be said to be unconstitutional only if section 10 as now constituted is unconstitutional. In other words, the Morse resolution is unconstitutional only if the whole pattern of railway labor negotiations over the past 40 years is unconstitutional.

Neither does it make sense to contend that although the 60-day ban on strikes is constitutional under the present section 10, the extension of that period by 180 days makes it unconstitutional. After all, the operation of the Railway Labor Act now often prohibits strikes for far more than 180 days while the normal processes of the act—including the notices, bargaining, mediation, and reporting—are being exhausted.

First, however, any lingering doubt on the constitutionality of a 180-day no-strike period should have been laid to rest by the decision of the Court of Appeals for the District of Columbia Circuit in *Brotherhood of Locomotive Firemen and Enginemen v. Certain Carriers*, 225 F. Supp. 11 (D.D.C. 1964), 331 F. 2d 1020 (D.C. Cir. 1964).

There, the court of appeals affirmed a lower court decision upholding the 1963 railway strike statute, which prohibited strikes for 2 years after the arbitration award went into effect—for a total ban of about 2½ years after passage of the statute itself.

4. The court of appeals decision in the *Locomotive Firemen* case supra, supports the Morse resolution in another respect. The 1963 railway statute provided a far more drastic remedy than would the Morse resolution in that the former called for compulsory arbitration where as the Morse resolution does not. The 1963 act banned strikes for 2½ years and imposed compulsory arbitration and nevertheless was found to be constitutional. These two elements would appear to make the constitutionality of the milder Morse resolution in a fortiori matter.

5. It is true that the 1963 railway situation posed more of an emergency threat than does the current airline strike at this time. But this difference is not significant. In the first place, it is settled that Congress has the authority to avert emergencies, as well as to resolve those that have actually arisen.

Much of the implication, it seems to me, of some of the testimony of the Secretary of Labor yesterday was that we ought to wait until, according to his definition, a real emergency exists. I am very disappointed that the administration would take the position that when the very evidence that it put into the record through Secretary Wirtz yesterday shows that already you have a very serious situation that interrupts to a substantial degree interstate commerce, but we better wait until it is worse, after this whole period of time that has been made available for the parties to settle this case.

In my closing argument, I will tell you why in my judgment they haven't closed the case and they will not close the case until this administration surrenders to the union.

I go back to the fact that the Congress has the legislative authority under the Constitution to avert emergencies as well as to act after emergencies have developed.

*Wilson v. New*, I think, is a clear support of my position on that.

Moreover, in weighing the constitutionality of legislative action, it is settled that the courts will relate the statutory remedy to the situation it seeks to correct. In other words, an emergency situation may justify imposition of more drastic measures than would be true of a less-than-emergency situation. The Morse resolution follows this approach by avoiding drastic steps. It avoids compulsory arbitration and cuts the no-strike, no-lockout period from 2½ years to the relatively short period of one-half year.

And, under the terms of the bill, the parties themselves will fix the wages and working conditions for the 6-month cooling-off period, as well as for the future. To put it another way, the Morse resolution rationally tailors the relief sought to the nature of the conditions against which the relief is directed.

This underscores the essential soundness of the bill in constitutional terms; it deals logically and rationally with the precise nature of the interruption of air services.

6. *Wilson v. New*, 243 U.S. 332, held constitutional a congressional statute which went far beyond anything contemplated by the Morse resolution. The act in question imposed, by legislation, the terms and

conditions on which a railway labor dispute was to be settled. In other words, Congress legislated a solution. It did not leave the parties free to try to resolve their difference during a no-strike period as does the Morse resolution.

It did not set up a board of arbitration to resolve the points of controversy as did the 1963 Emergency Railway Act. Instead, in *Wilson v. New* the Congress had imposed specific terms on the railroads and unions for which work was to be continued for a period of up to 9 months. Nevertheless, the act was upheld. In the light of that decision, the constitutionality of the Morse resolution follows as a matter of course.

My last point, and I will make it brief, gentlemen—I haven't had time to get it dictated, but I decided that I would give it to you on the basis of my knowledge of the case—is that I think you better reread Mr. Siemiller's testimony of yesterday. In the latter part of his testimony I think he speaks descriptively. He threw his case out of the window.

Or in response to the questions put to him, I think he made perfectly clear that this union has no intention of coming to an agreement short of legislation that does not go through the antitrust inflationary ceiling. I want to say this union has had no intention of taking any other position from the very beginning of this dispute.

During the weeks of mediation by the National Mediation Board, it took this adamant position, insisting upon wage demands that were highly inflationary in character.

I want to also say that in my judgment this is not only a bellwether case of this union, this is a bellwether case of many unions in this country. You are dealing here not only with the Machinists Union; you are dealing here in this case with the obvious strategy on the parts of a large section of organized labor to break the inflationary controls.

You have one of two choices to make, in my judgment: either pass legislation in regard to inflation—if you think the administration is opposed to my legislation, let me tell to even suggest to this administration that it ought to come forward with the necessary economic controls to check inflation makes their present objection to my legislation very mild indeed.

Now, let me say something about the guidelines; this emergency board did not act on the basis of guidelines. This emergency board decided to exclude the guidelines. That was an agreement even back before we ever went into our first session. We did decide that we were going to work for the best agreement that we could on the basis of the evidence the parties submitted that was noninflationary in nature. We have yet to hear a reputable economist that has commented upon our report that says it is inflationary.

The report, if you translate it into percentages, we never did. We were not at all interested in translating it into percentages. I have heard it said that if you wanted it translated into percentages, it is somewhere between 3.5 and 3.7, but that depends on what value you give on so-called fringe benefits.

At the opening of this hearing I read from page 49 of volume I of the transcript; the counsel for the union opened as follows:

Executive Order Number 11276 creating a Presidential Emergency Board to investigate the current dispute between employees of Eastern Air Lines, Trans World Airlines, Northwest Airlines, United Air Lines, and National Airlines,

represented by the International Association of Machinists, was issued April 21, 1966. Our formal protests in respect to creation of a Presidential Emergency Board under Section 10 of the Railway Labor Act was submitted to President Lyndon B. Johnson Tuesday, April 19, 1966, and a copy of same is now made available to this honorable board as Employees' Exhibit No. 1.

The CHAIRMAN. Employees' Exhibit No. 1 as identified by the witness will be inserted into the record at this point.

The exhibit reads as follows :

The PRESIDENT,  
*White House, Washington, D.C.:*

We are advised that the National Mediation Board and the Department of Labor have recommended that you, through Executive Order, create an Emergency Board to hear the dispute between Eastern, National Northwest, Trans World, and United Air Lines, and the International Association of Machinists and Aerospace Workers. In our opinion, the appointment of such board would be a total waste of time at the tax payers' expense. We respectfully request that you reject the recommendation for the creation of an Emergency Board in this dispute.

P. L. SIEMILLER,  
*International President.*

Counsel for the union then continued :

Mr. RAMSEY. Our protest was predicated on strong evidence that a board created under present conditions is not free to enter unrestrained judgments or recommendations on wages or other economic conditions such as those involved in the dispute. We sincerely believe this board will feel bound in any recommendations made on economic issues to adhere to such guidelines as the President has emphasized in the past months. The guidelines referred to have not been accepted as appropriate or reasonable by organized labor, and certainly are not recognized by this Union as valid or controlling. Therefore, we suggest recommendations emanating from this board and reported to the President if so governed will be without value insofar as the Union is concerned.

The CHAIRMAN. If counsel would permit the Chairman to interrupt, but because the statement of counsel refers to the board, I want to disabuse his mind of any validity of the major premise he has just expressed. He is entitled to have the position of the chair and the board stated at this point in view of the fact that he has raised the issue. I want counsel for both sides to know that this board has been appointed without any condition imposed upon the board. In fact, it would be a reflection upon this board if anyone attempted to impose any conditions on this board.

This board is going to consider this case from cover to cover of the record that the parties make, without any precondition imposed upon this board that we are subject to any restriction. I wouldn't serve on the board, and I am sure my colleagues wouldn't serve on the board, if we were sitting on the board in any way, as any sort of a rubber stamp for any views of anyone else as to how this case should be settled.

It is up to you gentlemen to present the evidence that warrants whatever settlement the evidence would support. So I wouldn't want to proceed further, Mr. Counsel, with the press here, to have any impression go out that this board is appointed by the President of the United States with any instructions whatsoever except to be an Emergency Board, hear the evidence and decide its recommendations to the President based upon the record.

It wouldn't be fair to my President to make that statement in the very beginning of this hearing. It wouldn't be fair to my colleagues not to make it. And it wouldn't be fair to you or the men you represent or to Mr. Curtin and his principals if you didn't disinvolve here and now any implication to any degree whatsoever that this board is not 100 percent a free board as a judicial body to decide this case on the records.

Mr. RAMSEY. Mr. Chairman, I know the employees appreciate your comments and the clarification in regard to this board's position with regard to freedom to judge this matter.

The Union desires to make clear that it will cooperate with this board to the highest degree possible in making the facts available that directly relate to our dispute with the air carriers.

Then we took the evidence.

I want to say, Mr. Chairman and members of the committee, that this evidence just does not sustain any claim on the part of this Board for any such wage demands they are insisting upon. Contrary, there is no doubt that the preponderance of the evidence overwhelmingly supported the contention of the carriers for the wage settlement that we decided in this Board.

Of course, the carriers made a strong case on the inflation point. The inflation issue was the case. The Board had to decide what weight to give it. We received no evidence because we had excluded the 3.2 guideline matter, there was no evidence in regard to the 3.2 guideline.

When we came to write our decision on the basis of the transcript the parties made, we gave our report in the recommendations, a copy of which you have before you.

There has been some criticism that the recommendations of the Board exceeded the so-called administration guidelines. I think they probably do. But they were not a factor as far as the Board was concerned.

Also, may I say, in a labor dispute, an arbitrator, or in this case an Emergency Board, which is a quasi-judicial body, takes into account inequities.

During the war, in World War II, the War Labor Board on which I sat, had guidelines, too. We had a national wage policy beyond which neither employers nor unions were supposed to go, save and except the ironing out of inequities which the evidence would show existed in any case. There were some inequities in a good many cases. But we didn't infringe upon the wage policy.

I left the War Labor Board. I resigned from the War Labor Board on an 11 to 1 decision in the famous *United Mine Workers'* case, when the President of the United Mine Workers, John L. Lewis, entered into an agreement, without any knowledge of the War Labor Board, with the Secretary of the Interior, Mr. Harold Ickes, which violated all of the wage criteria of the Board. Every member of the Board knew it.

But the Board finally, after 2 days and 2½ nights of executive session, capitulated to the agreement. It meant either one rule for the United Mine Workers of America and a different rule for the rest of labor; or it meant we would pierce the whole wage stabilization program of World War II.

As I said to the President subsequently, this is not a court in the sense that when the majority speaks then the dissenter applies the decision of the majority. This is a case in which I have to decide, as the enforcement officer of the Board as well as a member of the Board, whether I can enforce this decision to the discrimination of the other employers of America who are going to have labor disputes, and did have labor disputes, as a result of that unfortunate decision. I resigned from the Board then.

I want to say that the President of the United States, Franklin Roosevelt, throughout understood and respected my position in regard to the matter.

In closing, I happen to think that this committee has a clear duty to send to the floor of the Senate my resolution, or my resolution amended if someone can show it can be improved, and we should do it today.

For I think the country is entitled to have a report from this committee today on what, in my judgment, on the basis of the facts, is truly an emergency that interrupts interstate commerce and which is denying essential transportation services to sections of the country, as proven by the Secretary of Labor himself yesterday, in his own testimony.

The CHAIRMAN. Senator Clark?

Senator CLARK. The Senator has answered most of the questions which I wanted to ask. There are only one or two more which I would like to ask.

I would like to very briefly express my hope that we can agree on some legislation to recommend to the Senate. It is my strong belief that it is of the utmost importance to have a consensus of the committee behind whatever we do. I think to go to the floor with a bill on which there has been a wide difference of opinion, and a close vote within this committee, means that the Congress may well not adopt the legislation which the majority would recommend. I believe we ought to start working on the Morse proposal and see what, if any, amendments would meet with the approval of the large majority of this committee.

Personally, I don't feel that time is the overriding concern. I think a good case could be made for taking enough time 2, 3, 4 or 5 days—to bring out a bill which would have the enthusiastic support of the large majority of this committee and to have a report carefully drafted which will sustain what the committee has agreed upon.

Wayne, I shall be very brief on this. I understand that the Emergency Board did not base its decision on the guidelines. In fact, as I look quickly through the report, which has been made a part of this record, the guidelines are not referred to. But I understand you to say that the Board was very much interested in a noninflationary settlement. Is that correct?

Senator MORSE. That is correct. And the carriers approved the need for it.

Senator CLARK. In Mr. Siemiller's testimony last night, he made certain points which I believe should be answered by you in order to give us the strongest record to go to the Senate with.

I would ask you, first, why the Board was unwilling to include a cost-of-living escalation clause?

Senator MORSE. First of all, the cost-of-living escalator clause that this union asked for is not a cost-of-living escalation clause at all. The escalator clause that this union asked for is when the cost of living goes up they get an increase and if it goes down, they don't lose anything. That is not a cost-of-living escalator clause.

The cost-of-living escalator clause is one that when the cost of living goes up a certain percentage they get an increase, but if it goes down a certain percentage they get a decrease, that is what is known as the escalator clause.

Senator CLARK. Couldn't the Board have recommended such a clause?

Senator MORSE. Well, the Board did recommend an escalator clause. I will take you to page 5 of our report.

Although we recommend against the use of an escalator clause, we believe that the effort of the Union to devise a means to safeguard the economic position of the employees, particularly in respect to the protection of their real wages, is warranted. We, therefore, recommend that the union be given the right to

reopen the wage rate provisions of the contract if by December 1967 the cost of living since December, 1966 has increased one percent or more over the average annual increase in the Consumer Price Index during the 5-year period 1962-66.

Senator CLARK. That answers my question.

Senator MORSE. The reopener right would be limited to the basic wage rates of the new agreement.

Senator CLARK. That answers my question.

Senator MORSE. Permit me to say this: Don't forget, they have to absorb 1 percent. In a war situation such as we have now, we certainly can't justify saying to a union, "You don't have to absorb anything." They have to absorb 1 percent, but then they get their increase.

Senator CLARK. You have answered my question.

Mr. Siemiller made much of the fact that the hourly rate for bus mechanics was substantially higher than the hourly rate for aviation mechanics, although the skill required was somewhat less. Would you comment on that?

Senator MORSE. First, let me say in answer to that question that it is difficult to get comparison of certain wage classifications such as a mechanic with other comparable wage groups.

The union presented no such comparisons to the Board. Read the transcript. On the wage rate, I am at a loss to understand how a union can come in and make as poor a wage as they made in this case. They wouldn't even have a lawyer represent them. They made no use of the Economic Labor Consultation Group.

This union has taken the position that they made what I would call a minimal presentation on the various issues, and sat back, obviously relying on their naked economic power. This was the responsibility of the union in the case. Read the transcript. They didn't give us the evidence.

I will say something about what these differentials are in a moment.

Senator CLARK. I am interested in what he said last night.

Senator MORSE. The reference to bus mechanics in Mr. Siemiller's testimony of yesterday was not presented at the hearing. However, the Board did consider the position of mechanics' pay as compared with other comparable job classifications.

Exhibit 26 submitted by the carriers shows the average hourly earnings of IAM represented employees of the five carriers have increased a greater percentage, 55.7 percent, than the average hourly earnings of all manufacturing production workers, which has been only 39.1 percent in the period January 1956 to January 1966.

You have to have a base period to use as a basis for comparison.

Senator NELSON. Can I ask a question at that point?

The percentage is one thing, especially if you are starting at a lower base. What is the actual dollar and pennies increase?

Senator MORSE. Can I finish this statement?

Senator NELSON. Yes.

Senator MORSE. Exhibit 27 shows that the IAM-represented employees progressed from a ranking of fifth place in the groups in 1956 to the top position in 1962, a position which has been retained to date.

These carrier exhibits were not rebutted by the union. The carriers placed an exhibit in the record which showed that the IAM-represented employees of the five carriers rated first among some 20 manufacturing industries in terms of average gross hourly earnings

in January 1966. The IAM employees have risen from fifth place in 1965 to achieve first place in 1959 and again in 1962, and have maintained that position since 1962.

You are not dealing with underpaid workers on any comparative basis. The IAM employees of the five carriers averaged \$3.42 an hour in January 1966, compared with gross hourly earnings in the other industries as follows:

Five carriers, \$3.42; petroleum, refining, and related industries, \$3.27—don't forget, they have mechanics, too. Many of these other industries I now give you have mechanics, too. But what Siemiller wants to do now is to pick out the mechanic rate and say there are mechanics in other industries, some of which get more.

Let me tell you three things about that argument: No. 1, you go into these other industries and you will find in many instances it is not a blanket rate. They have mechanics and mechanics. They have different grades of mechanics. They pick the most highly skilled mechanics that they have in a given industry and show that is more than \$3.52.

Secondly, we have a responsibility, unless they want to make a plea to select out of their employees increases for a special group, which they did not do. Their case is for a blanket, uniform percentage increase for all their employees. They made no argument that we should take the mechanics out of this case and give the mechanics separately the wages received by the highest paid mechanics in some of the other industries, such as, apparently, some of the bus operations.

That is not the theory of their case. Their case wasn't tried on that theory. The case was tried on the theory as to what our wage increases should be for the workers in the two main groups; that is, your mechanical and highly skilled workers, and then your cleaners, cafeteria workers, your ramp men, and those in the so-called lower skills.

But keep in mind when I am talking about these wages in other industries, which is the evidence before us, I am talking about industries that have mechanics, too.

Transportation equipment, "\$3.29; primary metals industry, \$3.23; ordnance and accessories, \$3.16; printing, publishing, and allied industries, \$4.09.

I can go on down the list.

Senator CLARK. I think the point I am interested in is the one having to do with Mr. Siemiller's question about the bus mechanics. Have you anything in there on that?

Senator MORSE. There is nothing in it because there is nothing in the record. It is an afterthought on their part.

Senator CLARK. My next to the last question is to ask you—

Senator MORSE. May I say one more thing on your first question and then I will be through?

Senator CLARK, you couldn't have a labor case in which they couldn't bring in some exceptional payment in some industry showing that they get more for that classification than they get, but you certainly do not try a labor case on the assumption that because they show somebody else gets more, therefore you grant them more.

Senator CLARK. I don't want to argue. I am simply trying to make a factual record.

Senator MORSE. I don't want to argue. I want to tell you the theory of the Board.

Senator CLARK. Would you comment briefly on the charge by Mr. Siemiller that the Board was unfair in connection with its consideration of the insurance plan and the pension plan.

Senator MORSE. Here, again, they didn't attempt to sustain any burden of proof. On the question of why did not the Emergency Board recommend improved health and welfare programs and improved insurance plans.

The Emergency Board recommendations are included on pages 10 and 11 of the report you have before you. I will read it:

In this area, the Union proposed that the entire cost of the individual carrier health and welfare plans shall be borne by the carrier and that all plans should be liberalized to provide full coverage for employees and dependents.

The Union emphasized that Eastern has already assumed the full cost of these programs and that the Union recommendation is supported by the prevailing practice in industry generally. The carriers contended that current benefits under their plans exceed those typical of industry generally, but, nevertheless, offered to make an additional contribution of three cents per hour in the second year of the contract against premiums for dependents coverage under presently existing group insurance.

The carriers stated that with this addition, the average cost of the carriers of current plans would be 17.4 cents per hour compared with an average employees contribution of 2.6 cents per hour.

There is no denial of that. That is the fact. The carriers contribute 17.4 cents and the workers 2.6.

The board has taken note of these facts and others in the record and recommends against any increase in carrier contributions at this time. The Union has not proposed, and the carriers have not offered, an improved plan or additional benefits, since the scope and coverage of the plans would remain unchanged and additional carrier contributions of three cents per hour given the second year would simply result in an increase in employee compensation by this amount.

The board believes it is in the interest of both parties at this time to deal with an increased cash compensation in connection with wage rate adjustments and has done so under paragraph 4 of Section A above.

Senator CLARK. How about the pension plan?

Before you answer, just to get the question clear, Mr. Siemiller said the airline industry is the only one where the employees have to contribute to their pension plan.

Senator MORSE. That is just not true. There are scores and scores of welfare, health and pension plans in the country.

Senator CLARK. Let me say this, since your answer is contained on page 11 of this report, and the report is already in the record, unless you feel it desirable to read it to the other members of the committee, I think it is somewhat redundant to include it again.

Senator MORSE. I refer the committee to page 11 of the report which contains the Emergency Board's findings on this issue.

Also, the union's position was that only National Airlines among the five carriers has a noncontributory plan. The BLS study shows that a majority of pension plans are noncontributory but that many are contributory. The carriers' case was that the contributory plans of the four carriers vary considerably but all provided benefits on normal retirement, early retirement, disability retirement, and investing provisions as earnings increase the pension benefit increases.

Any uniform recommendation by the Board would affect each carrier differently. Employees contributions are always returned to the employee in some form. At the current rate of pay for mechanics, average pension would be \$260 per month. Although a majority of pension plans in industry generally are noncontributory, they usually provide a lower amount of benefits. It is \$4.25 in autos, \$4.25 to \$4.75 in aerospace, and \$5 in steel.

I said on the floor of the Senate yesterday if I were mediating a settlement, allowed to take into account information they didn't get into the record, here is one place in which I would propose some benefits to the union. I would decrease the contribution of the union and increase the contribution of the employer. But for the union, on the basis of the evidence submitted, to take the position, "We are now entitled to wipe it out entirely" in my judgment, wouldn't be sustained by the record.

Senator CLARK. Mr. Chairman, that concludes my questions.

I have no doubt other members of the committee want to ask Senator Morse questions. I would hope, in the reasonably near future, we can proceed to consider amendments to the Morse resolution. I will have one or two to suggest at that time.

Senator MORSE. May I make one other point?

Mr. Bruff was my counsel throughout the hearings and did a magnificent job for the whole Board. We were informally advised that what the union wanted was the wage money and not the welfare and pension money.

In their mediation hearings with the carriers, let me say they made no fight at all of any real efforts on this particular issue. They would have liked to have had, I think, some change, but it was not one of the issues that they made an issue in the case.

The CHAIRMAN. The committee now goes into executive session.

(Whereupon, at 7:25 p.m., the committee went into executive session.)

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