

EXECUTIVE

LA 6/Airlines

June 20, 1966

F A C T S H E E T concerning negotiations in progress toward a
new contract between employees represented by
the INTERNATIONAL ASSOCIATION OF MACHINISTS
and a joint industry group of five airlines --

EASTERN AIRLINES

NATIONAL AIRLINES

NORTHWEST AIRLINES

TRANS WORLD AIRLINES

UNITED AIRLINES

- I. National Issues - IAM Proposals; Five Carrier Proposals; Presidential Emergency Board Recommendations.
- II. Chronology of IAM - Five Carrier Negotiations
- III. Who's Who in the Negotiations - including statistics on number of employees affected and service provided by carriers.
- IV. Public Statements - President Johnson, the IAM, and the Five Carriers on the PEB recommendations.

All negotiations have been conducted under provisions of the Railway Labor Act and an agreement between the Union and the carriers dated August 9, 1965 which limits issues, includes a pledge of peaceful relations during bargaining, promises not to take selective economic action (strike or lockout) and procedural arrangements. This agreement was approved by the National Mediation Board and the Civil Aeronautics Board.

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CENTRAL FILES

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June 20, 1966

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I. National Issues -- IAM Proposals, Five Carrier Proposals, Presidential Emergency Board Recommendations.

On June 5, 1966, Emergency Board No. 166 reported to President Johnson. The report was released to both parties and to the public by President Johnson on June 8th.

On June 7th, President Johnson had stated: "The recommendations of the Board reflect the highest order of judgment, imagination, and wisdom ... These recommendations form the framework for a just and prompt settlement, which is in the national interest."

These are the proposals of both parties and the Emergency Board recommendations:

IAM PROPOSES

5 CARRIERS PROPOSE

EMERGENCY BOARD RECOMMENDS

1. Rates of Pay

3 year contract with 5%, 5% and 4% annual wage increases; elimination of all but one progression step; and a cost-of-living adjustment allowance. Amounts to an average increase of 53¢ an hour over three years. Top rated mechanic presently earns \$3.52 an hour.

3-year contract with annual wage increases ranging from 7 to 12 cents; retention of the wage progression scale; rejection of the cost-of-living adjustment. Amounts to an average increase of 30¢ an hour over three years.

Agreement should run prospectively for three years from July 1, 1966, so that the agreement will be effective for a period of 42 months, from Jan. 1, 1966 to June 30, 1969. Union be given the right to re-open wage rate provisions 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 five year period, 1962-1966. Elimination of two wage progression steps. Wage increase of 14 to 18 cents in the first 18 months, 10 to 15 cents in next 12 months and 10 to 15 cents in the last 12 months.

2. Vacations

3 weeks after 8 years, 4 weeks after 15 years.

Continue present provisions for 2 weeks after 1 year, 3 weeks after 10 years, 4 weeks after 20 years.

Four weeks of paid vacation after 15 years of service (leave unchanged present provisions for two weeks after one year and three weeks after 10 years).

3. Holidays

Increase from 7 to 8; eighth to be Good Friday; holiday pay plus double time for all hours worked with a minimum of 8 hours pay; all hours over 8 hours on holiday to be at triple time.

Continue at 7 holidays at present rate (straight time plus holiday pay).

Add an eighth holiday (Good Friday). Suggest union withdraw proposals for penalty holiday overtime.

4. Health and Welfare plans

The entire cost of health and welfare plans to be borne by the carriers and all plans to be liberalized to provide full coverage for employees and dependents.

In the second year of the contract, the carriers will make a 3¢ per hour contribution to reduce employee costs of present health and welfare plans. This amount to be applied towards premiums for dependents coverage under the group insurance plans presently existing.

No increase in carrier contributions at this time. Recommend Carriers withdraw offer of 3¢ (included in wage recommendation).

5. Overtime

Change all time and one-half to double time and all double time to triple time.

Continue present provisions.

Proposals by the union be withdrawn.

6. Pension plans

The entire cost of the plans to be borne by the carriers.

Union withdraw its proposal and continue present pension plans which have been developed over a period of years and which differ widely from each other.

Proposals by the union be withdrawn.

7. Hours of Service

Reduce work week to 37½ hours by providing payment of a 30-minute meal period for all employees, all shifts.

Continue present provisions for a 40-hour work week.

Proposals by the union be withdrawn.

8. License Requirements and Premiums

All employees required to have or use any license will receive 10¢ additional per hour for each license.

Continue present provisions which do not provide for premiums for licenses.

Proposals by the union be withdrawn.

There are, in addition, 39 local issues still unresolved and the Emergency Board made recommendations on all of these.

The Five Carriers estimate that implementation of the Emergency Board's national issue proposals would cost in excess of \$76,000,000 during the 42-month contract period.

* * *

I. Chronology of IAM - Five Carrier Negotiations

early 1965

Discussion begun under auspices of National Mediation Board at behest of the IAM, to establish arrangements for industry-wide bargaining.

Aug. 9, 1965

Eastern, National, Northwest, Trans World and United agree to joint bargaining with IAM. Historic agreement includes limitations on issues, pledge of peaceful relations during bargaining, promise not to take selective economic action, procedural arrangements.

Oct. 1, 1965

Consistent with Negotiation Agreement, parties served opening notice of proposed contract changes. IAM made proposals for eight joint or national items --

1. rates of pay and progression steps
2. vacation allowance
3. holiday provisions
4. overtime rules
5. hours of service
6. license requirements and premiums
7. health and welfare programs
8. pension plans

Also seven separate and individual local proposals were opened with each of the five carriers by IAM local chapters.

Four carriers each proposed 15 separate and different items and one proposed 12 items.

A total of 115 items were therefore opened.

Note: when the issue went before the Presidential Emergency Board #166 on April 21, 1966, there remained unresolved the eight national items and 39 local items -- a total of 47 out of 115.

Jan. 11, 1966

Mediatory assistance from the National Mediation Board is sought.

Feb. 1, 1966

Formal mediation commences.

Mar. 18, 1966

Despite considerable negotiation and the exchange of proposals and counterproposals, the National Mediation Board notifies both parties that its mediatory efforts have failed and proffers arbitration in compliance with the Railway Labor Act.

Mar. 19, 1966

The carriers accept binding arbitration.

Mar. 21, 1966

The IAM refuses binding arbitration.

Mar. 22, 1966

National Mediation Board terminates its services.

Apr. 21, 1966

President Lyndon B. Johnson creates Emergency Board No. 166 consisting of Senator Wayne Morse (D.-Ore.), Richard E. Neustadt, associate dean of Harvard's School of Public Administration, and David Ginsburg, Washington, D.C., attorney.

May 27, 1966

Presidential Emergency Board concludes its public hearings.

June 5, 1966

Emergency Board submits its report to the President.

June 6, 1966

Under terms of the Railway Labor Act, a 30-day no-strike period commences. This will end at 12:01 a.m., Wednesday, July 6, 1966.

June 7, 1966

President Johnson endorses the report with the statement: "Those recommendations form the framework for a just and prompt settlement, which is in the national interest."

June 8, 1966

President Johnson releases the report to both parties and the public.

June 9, 1966

The IAM states that the Emergency Board recommendations "gave no sound basis for settlement of this dispute." The IAM calls for immediate renewal of negotiations.

June 11, 1966

Labor Secretary W. Willard Wirtz invites the parties to meet with him on June 14, 1966.

June 13, 1966

In a letter to President Johnson, the Five Carriers state that they agree with the President's view that the Emergency Board recommendations form a framework for a just and prompt settlement. They also advise the President that they have accepted the Labor Secretary's invitation.

June 14, 1966

Representatives of the IAM and the Five Carriers meet with Secretary Wirtz and Assistant Secretary James J. Reynolds. Meeting continues on June 15.

June 20, 1966

Meetings resume under Labor Department auspices.

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III. Who's Who in the Negotiations

The parties to the negotiation are:

International Association of Machinists and
Aerospace Workers
Machinists Building
1300 Connecticut Avenue
Washington, D.C. 20036
Phone: area code 202-232-6309

President: Roy Siemiller

Chief Negotiator (in this matter):
J. W. Ramsey, General Vice President

Five Carrier Joint Negotiating Committee
Morgan, Lewis & Bockius
1120 Connecticut Avenue
Washington, D.C.
Phone: area code 202-FE 8-6131

William J. Curtin, Chairman

The IAM represents 35,399 employees of these five carriers at 74 locations in 39 states, the District of Columbia, Puerto Rico, Canada and Japan. They perform 27 categories of work primarily within the general areas of mechanics, ramp service, stores and dining service.

The five carriers have a total employment of 93,944 employees or 63.9% of the total airline employment of 147,000. In 1965 they represented 61.5% of the domestic trunk line industry as measured by revenue passenger miles, performing 30,224,000,000 of the industry total of 48,987,000,000. They serve a combined total of 231 cities in the United States and in 23 foreign countries.

Eastern (7,117 IAM employees)

Lodge No. 100
801 W. 49 St.
Hialeah, Fla. 33012
J. B. Wilhelm, President &
General Chairman

Eastern Airlines
10 Rockefeller Plaza
New York, N.Y. 10020
Ralph H. Skinner, Jr., Vice President
Industrial and Personnel Relations
Jonathan Rinehart, Staff Vice President-
Public Relations

National (1,118 IAM employees)

Lodge No. 145
801 W. 49 St.
Hialeah, Fla. 33012
John M. Burch, General
Chairman

National Airlines
P.O. Box 2055
Airport Mail Facility
Miami, Fla. 33159
J. M. Rosenthal, Sr. Vice President
Industrial Relations
R. H. Wilson, Director-Public Relations

Northwest (2,293 IAM employees)

Lodge No. 143
4301 E. 50th St.
Minneapolis, Minn. 55417
Elton Barstad, President &
General Chairman

Northwest Airlines
Minneapolis-St. Paul Intl. Airport
St. Paul, Minn. 55111
Robert A. Ebert, Vice President-Personnel
William L. Pollock, Director-Public Relations

Trans World (10,778 IAM employees)

Lodge No. 142
206 E. 32nd Avenue
Kansas City, Mo.
Cliff Miller, General Chairman

Trans World Airlines
605 Third Avenue
New York, N.Y. 10016
David J. Crombie, Vice President-Industrial
Relations
Gordon Gilmore, Vice President-Public
Relations

United (14,093 IAM employees)

Lodge No. 141
P.O. Box 391
Burlingame, Calif.
Robert T. Quick, President &
General Chairman

United Airlines
1200 Algonquin Rd.
Elk Grove Township, Ill.
Charles M. Mason, Sr. Vice President-
Personnel
R. M. Ruddick, Vice President and
Asst. to the Chairman

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IV. Public Statements - President Johnson, the IAM, and the Five Carriers on the PEB recommendations.

- A) June 7, 1966/Remarks by the President upon the receipt of the emergency airline dispute board.

Five weeks ago, I appointed an Emergency Board to investigate the dispute between five major domestic airlines and the Union. That Board has now submitted its report to me.

The dispute between the airline companies and the Union threatens to cripple the vital flow of people and products across America. These airlines fly six out of every ten domestic passenger miles. Over 35,000 airline employees are involved -- from mechanics to flight deck personnel.

The issues are complex and important. Eight national issues involved all of the companies; 40 local issues involved four of the companies. The recommendations of the Board reflect the highest order of judgment, imagination, and wisdom.

I appreciate the work that this Board has done. Its three members, Senator Wayne Morse of Oregon, Professor Richard Neustadt of Harvard University and David Ginsburg, a Washington attorney, have unselfishly taken time from their busy lives to devote to this case.

Together, these men worked many long days patiently gathering and analyzing the evidence. They heard testimony from all of the parties, presented with great conviction and skill. A record of almost 2,000 pages has been compiled. On this record, this independent and able Board arrived at its recommendations.

Those recommendations form the framework for a just and prompt settlement, which is in the national interest.

Without such a settlement, there would be a disruption of the movement of men and materials needed to support our commitments to freedom's cause throughout the world. Hundreds of thousands of citizens who depend on rapid, convenient airline service will have to go without it.

I do not believe that either labor or management wants this.

Ever since the day I became President, I have asked Labor and Management to work together with me to improve the lives of every American. They have responded to this call. Today, they have another opportunity -- and obligation -- to show the Nation the progress that can come from mutual trust and cooperation.

* * *

B) June 9, 1966/Press release of the Wage-Policy Committee of the IAM

The Wage-Policy Committee for airline employees represented by the International Association of Machinists has reviewed the Report to the President by Emergency Board #166 dated June 5, 1966.

The Union is more than disappointed with the recommendations made by this Board relating to wage rates, duration of contract, protection of wage rates against increased cost-of-living and other items of an economic nature.

It is apparent to the International Union and unanimously concurred in by the airlines general chairmen that the recommendations made on economic issues and local issues gave no sound basis for settlement of this dispute.

The Wage-Policy Committee feels that Emergency Board #166 was mistaken in its understanding of many of the issues and, in addition, arrived at certain conclusions based on 19th Century concepts rather than on liberal 20th Century thinking. The Union suggests and invites the carriers back to the bargaining table before time runs out if they desire settlement of the dispute without interruption of service and interference with their abnormally high profits early in July.

C) June 13, 1966/Text of letter to President Johnson from William J. Curtin, Chairman, Five Carriers Negotiating Committee

I am writing you on behalf of the Five Carriers (Eastern Air Lines, Inc., National Airlines, Inc., Northwest Airlines, Inc., Trans World Airlines, Inc., and United Air Lines, Inc.) involved in the negotiations with the International Association of Machinists which led to the creation of Presidential Emergency Board No. 166.

The Five Carriers received the Report of the Board on June 8, 1966. In connection with our study of the Board's recommendations, we have, of course, considered the remarks which you made upon receipt of the Report. We completely subscribe to your evaluation of the calibre of the members of this Board and the unselfish and patient approach which they brought to their work.

Careful study shows that effectuation of the Board's recommendations would be very costly to the Five Carriers. We recognize, however, that a just and prompt settlement of this dispute is clearly in the national interest.

Accordingly, the Five Carriers agree with your judgment that the Board's recommendations form the framework for such a settlement. We have, therefore, accepted the Secretary of Labor's invitation to meet with Assistant Secretary Reynolds and himself, together with representatives of the International Association of Machinists.

Major Wage Developments in the Last 3 Years

During the last three years, major labor contracts have been signed with industries employing millions of workers. In the overwhelming majority of these settlements, increases in compensation amounted to less than 4% a year, and the bulk of them were indeed close to the guidepost figure of 3.2 percent.

Beginning with the 1963 settlements in the electrical goods industry, which raised hourly compensation on the average by about 3 percent a year, contracts with annual increases of 4 percent or less were signed in meatpacking, telephones, Atlantic longshoring, glass containers, tin cans, rubber tires, newspapers, northern cotton textiles, aluminum, basic steel, oil, western paper, and many other industries. Some of these industries -- such as bituminous coal and telephones -- had, in fact, more than one contract during the last 3 years whose terms came close to the guidepost figure. In addition, the 1965 Federal civilian pay bill, and the 1966 Federal military and civilian pay bills involved guidepost increases.

As a result of moderate increases in compensation, and good productivity increase, unit labor costs in manufacturing have remained essentially stable during the last 3 years. In June 1966, the index of these costs was actually lower than in June 1964, or in January 1963.

The moderation of compensation increases during the last 3 years is also reflected in the record of average hourly earnings in manufacturing. Between June 1963 and June 1966, gross hourly earnings in manufacturing have risen almost exactly 3.2 percent a year.

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Examples of Moderate Major Settlements in the Last 3 Years

Sept. 1963	Electrical Machinery	3.0%
April 1964	Coal	3.2
August 1964	Meat packing	2.5 plus cost- of living
November 1964	Telephones	3.2
December 1964	Atlantic and Gulf Coast Longshoring	2.5
March 1965	Glass containers	4.0
March 1965	Can Industry	3.5
April 1965	Rubber	3.2
April 1965	California Metal Trades	3.2
April 1965	New York Newspapers	3-3.5
April 1965	Northern Textiles	3.8
June 1965	Aluminum	3.9
July 1965	Aerojet	3.2 plus cost- of-living
September 1965	Telephone	3.8
September 1965	Basic Steel	3.2
October 1965	Oil	3.6
October 1965	Federal Civil Service	3.6
March 1966	Northern Cotton Textiles	4.0
March 1966	West Coast Paper	4.0
April 1966	Bituminous Coal	3.2
July 1966	Federal Civilian and Military Pay	3.2

The Excessive Demands of the Machinists

From the very beginning the Machinists have made extreme demands upon the airlines. And they have not receded one iota from those demands over the whole period of negotiation, mediation, and strike.

The settlement demanded by the union would result in an increase in compensation averaging more than 5% a year, before taking any account of the cost-of-living escalator demanded by the union. If the consumer price index should continue to rise at the 2.5% rate of the past 12 months, a settlement on the union's terms would mean increase in compensation of about 7% a year over a 3-year period. If the rise in the cost of living should accelerate, it could easily go to 8% a year. No such increase has been negotiated in a major manufacturing or public utility contract since the inflationary period of the mid-1950's.

The generous settlement recommended by the Emergency Board would have cost the employers about \$76 million over 42 months. This is equivalent to about \$65 million over a period of 3 years -- the length of contract the union is demanding. Over the same 3-year period a settlement made on the union's terms would cost the airlines \$106 million on the assumption that the increase in the consumer price index continues at 2.5% a year. This is \$41 million, or about 63%, more than the cost of the Emergency Board's recommendations. The cost would be still greater if the annual increase in the consumer price index should exceed 2.5%.

The Consequences of an Outrageous Airline Settlement

If the unreasonable demands of the airline machinists are met, there will be widespread adverse effects on the American economy.

1. The most obvious and most direct consequence would be the end of the gratifying downward trend of prices for airline services. The airlines may be able to absorb the huge jump in hourly labor costs without actually raising prices, but they could not take this settlement and still continue to lower prices. If this Nation is to enjoy price stability, rapidly growing, progressive industries like air transport must be able to lower their prices and pass along some of the benefits directly to consumers.

2. By exceeding any national labor settlement of recent years, and airline contract that followed labor's demands would have a broad impact on wages and prices elsewhere in the economy. It would be bound to whet the appetites of other groups of workers who will be negotiating their labor contracts in the months ahead. A 7 or 8% contract for airline workers will raise the targets of telephone and electrical workers in their key negotiations this fall. And the bitter experience of airline management would weaken the resistance of employers to exorbitant wage demands in these and other industries. Management might conclude that the only sensible strategy was to give labor what it demanded and pass the bill along to the consumer.

3. An unreasonable settlement in airlines would impair the strength of the dollar, and the very prestige of the Nation. Our unequalled record of combining prosperity with price and cost stability has excited the

admiration of the entire free world. More recently, that admiration has been mixed with some skepticism as to whether we can continue our good record in a full employment economy. In recent months, our return to a sustainable rate of expansion has improved our prospects for extending and preserving the "American economic miracle." The airlines dispute has attracted world-wide attention; a stability-shattering settlement would be a front-page story around the globe, heralding the end of our era of cost stability. Some would say we had started down the road that England has gone -- the road that led to last week's crisis in the United Kingdom.

4. Such a dramatic blow to cost-stability would touch off a wave of inflationary expectations destabilizing the economy. A 7 to 8% airline settlement would change all bets on probable wage settlements for the rest of 1966 and for 1967. It would make clear to all that we were caught up in a wage-price spiral. Once people expect prices to shoot up, they will buy to protect themselves against inflation and thereby intensify inflationary pressures.

5. The insidious escalator clause would come back into fashion in wage contracts. It would be sought in every union negotiation from here on out. Some existing settlements might even be reopened to include it. The escalator is supposed to make the worker immune to a rising cost of living. Instead, it makes the Nation incapable of regaining price stability (except by taking a recession) once there is any temporary disturbance

causing upward pressures on consumer prices. A temporary rise in the price of meat gets translated into a permanent rise in the prices of industrial products.

6. The flagrant irresponsibility of the airline machinists would seriously undermine the foundation for responsible behavior by other labor groups or by business. Voluntary cooperation has been a key element in maintaining our price-cost stability, and effectively^{so} when everyone accepts his responsibility. But if a small group pulls a hold-up on the entire Nation, the rules of the game are destroyed. Steel workers, Federal employees, molybdenum producers -- who accepted wage and price standards consistent with the national interest -- could only feel that they had been cheated.

7. The contagious display of irresponsible wage behavior could force us to adopt policies that would stunt our economic growth in order to curb inflation. If slack labor markets and excess capacity are the only way to keep wage increases in bounds, we could be forced to sacrifice full employment. This would mean that the greed of one group curtailed the job opportunities of other workers, held down improvements in the standard of living, and slowed progress toward the Great Society. It would mean greater civilian sacrifices in a defense economy. It would dim our excellent

opportunity for a smooth transition to a peacetime prosperity once defense requirements abate.

8. Irresponsible behavior of the airline machinists could threaten the rights and privileges of all organized labor in collective bargaining. The American public would not tolerate being held up at gunpoint. Our citizens would ask what legal and institutional reforms were necessary to avoid a repeat performance. A storm of public protest could lead to legislation that would be exceedingly costly to labor's interest in free collective bargaining.

EXECUTIVE

LAG/Airlines
SP

W.C.
DRAFT ALTERNATE #2 -- 6/20/66

SPECIAL MESSAGE TO CONGRESS ON THE AIRLINES STRIKE

This Nation is currently in the throes of an airline strike involving five major carriers and the International Association of Machinists. The strike affects over 60 percent of the domestic trunkline industry and over 35,000 employees. The normal procedures of the Railway Labor Act have been exhausted and no settlement has been reached. The strike, now in its _____ day, is causing substantial and continuing injury to the public interest. Unless the parties promptly reach agreement the public interest requires Congressional action.

In my State of the Union Message (January 12, 1966), and again in the Economic Report for 1966 (January 27), I asked the Congress to consider measures which would enable us effectively to deal with strikes which threaten irreparable damage to the national interest.

This current dispute is yet another example of the need to devise more creative machinery to assist parties to labor disputes, which sufficiently affect the national interest, to settle them through free and responsible collective bargaining with minimum interruptions of operations.

(Economic data of current dispute - if desired)

I am transmitting herewith a draft bill for the revision of the national emergency disputes provisions of the Labor-Management Relations

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Act, including appropriate coverage of industries subject to the Railway Labor Act. It would enable us to deal more effectively with such situations as the recent New York transit strike and the current airlines dispute.

Over the years, there have been repeated proposals for changing the statutory emergency disputes provisions. These suggestions have come from members of both parties in the Congress, from labor and management spokesmen, and from leading authorities in the labor relations field. In 1962, the President's Advisory Committee on Labor-Management Policy-- a tripartite group of labor, management and public leaders--made a virtually unanimous recommendation that new procedures be adopted which my proposal closely follows.

My proposals in no way reflect any diminution in our complete confidence in the institution of free collective bargaining as an essential element of economic democracy. Resting upon a fundamental principle of the free society, the freedom-of-choice elements in collective bargaining must be carefully preserved.

I am proposing certain adjustments in the existing emergency dispute provisions which we believe essential to establish the desired balance to convert them into effective dispute-settling machinery. In addition, in those rare situations in which the procedures of the Railway Labor Act fail to achieve their purpose, I propose that the President be authorized to invoke these amended national emergency procedures.

The proposals which I am transmitting embody provisions which will serve the higher ideals of our national labor policy, while at the same time strengthening and expanding the tools with which the Government

can carry out a policy of preventing those strikes which imperil the national health or safety or do irreparable injury to the national interest.

The major drawbacks of the current national emergency disputes provisions are:

- inflexibility of procedures, and
- the dearth of meaningful tools to assist the parties in resolving the dispute.

My proposal authorizes the use of a number of techniques, which can be tailored to the situation at hand. The proposal emphasizes the positive and the creative aspects of Government action, without sacrificing the effectiveness or efficiency of the procedures at the Government's disposal when the public interest requires that private interests stand aside. At the same time, provision is made for independent evaluation of the threat to the national health or safety, or injury to the national interest, before the President declares a national emergency to exist.

Briefly, the general procedures provided are as follows:

The Director of the Federal Mediation and Conciliation Service, after consulting with the Secretary of Labor and other appropriate Governmental officials, may recommend to the President the appointment of an emergency dispute board. By specifically providing for the Service to consult with the pertinent Government officials and afterwards to advise the President of the critical nature of the situation, the proposal cures this procedural gap which in the past has been handled by an assort-

ment of informal processes.

The Director may offer his advice when, in his judgment, a threatened or actual labor dispute subject to the procedures could develop into a crisis situation. This permits the Governmental agencies to move into a developing situation before it reaches the point of crisis.

If the President deems it appropriate, he may appoint an emergency dispute board to work closely with the Service in an effort to resolve the dispute. He may direct such board to do any or all or any combination of the following functions: (1) make findings of fact as to the issues in dispute, (2) recommend to the parties procedures or techniques designed to bring about a settlement, (3) mediate between the parties, (4) make recommendations to the parties as to the terms of settlement of the issues in dispute. This authority for early entry provides the facility for taking the crisis out of collective bargaining situations which may be on a collision course.

The President may at any time direct the emergency dispute board to hold hearings and report to him on the question of whether a threatened or actual strike would imperil the national health or safety or threaten to do irreparable injury to the national interest. This authorization can be used as a part of stepped-up mediation -- the President may parcel out the functions that a board is to perform -- or he may, upon the appointment of the board, invest it with authority to perform any or all of these functions when the board's judgment may become necessary.

After receiving a report on the emergency question, the President may, when in his opinion the statutory conditions are met, declare the existence of a national emergency dispute.

Upon such a declaration he is authorized to direct the parties to continue or resume operations in whole or, to the extent practicable, in part until agreement is reached for a period not to exceed 30 days.

Upon such a declaration and for 30 days thereafter the statute imposes a mandatory duty upon the parties to continue or resume operations

as directed by the President and to maintain the status quo. Of course, changes in the status quo can be made by agreement between the parties.

In situations in which all of the procedures of the Railway Labor Act have been exhausted without settling a dispute, the President, after receipt of the report of the Railway Labor Act emergency board, may appoint an emergency disputes board to hold hearings and report to him on the question of whether the strike would imperil the national health or safety or threaten to do irreparable injury to the national interest. After receipt of such a report on the emergency question, the President would be authorized to invoke the 80-day status quo provisions, subject to court review. Under such circumstances, the parties to a dispute normally subject to the Railway Labor Act would be required to maintain status quo for an additional period not to exceed 80 days.

Under my proposal the capability of the Emergency Dispute Board, pursuant to the stepped-up mediation concept, is increased after the President has declared the existence of a national emergency. After such a declaration the President may authorize the board to continue any or all of the functions previously performed, and may authorize it to make public recommendations for the settlement of the dispute, including recommendations regarding the effective date and adjustments of previous terms and conditions of employment.

The board may make recommendations to the parties at any time regarding changes in the terms and conditions which in its judgment should be put into effect during the 80-day period or on a concurrent or retro-active basis.

These additional elements tremendously increase the potential impact of the board in inducing the parties to reach agreement after the President has declared an emergency to exist.

The proposal eliminates from the statute the costly and disruptive last offer ballot. There has been substantial consensus, for years, that use of such a ballot is a mistake because it writes into the law a procedure which invites the employees to reject their leadership. Instead of contributing to the settlement of disputes the ballot has proven to be an irritant in the collective bargaining process which is at war with the primary purposes of the law. It has tended to divert the efforts of the parties into pre-election campaigning rather than into good faith collective bargaining in which the statute enjoins them to engage.

My proposal also provides, as does the present law, that if despite the efforts of the Service and the emergency dispute board it appears likely that the dispute will not be settled prior to the expiration of the 60-day period, the President may take the matter to Congress with his recommendations for appropriate action.

It should be emphasized at this point that this is the terminal facility. Short of providing for ultimate determination of the issues in dispute by a Governmental body, which in our judgment is incompatible with one of our primary principles of free collective bargaining, the ultimate and appropriate remedy thereafter is to lay the matter before the Congress for specific measures to resolve the given dispute on an ad hoc basis.

Where public utilities owned or operated by a State or political subdivision thereof are involved, its provisions shall not be invoked except after notice to and in consultation with the appropriate State or local officials.

The proposal I am making does not provide for compulsory arbitration or Governmental seizure. It provides for postponement of the exercise of the right to strike or lockout, but it does not deny these rights if all attempts at settlement fail.

There is some sentiment in the country that absolute finality and protection should be provided for in emergency dispute situations. To a considerable extent, however, this sentiment represents the immediate reaction to those few cases in which the cost to the public obviously exceeds any reasonable measures. That view leaves out the fact that any procedure devised to cover these infrequent cases would inevitably result in the escalation of other cases--in which one party or the other would default on its collective bargaining obligations because the compulsory arbitration or seizure alternatives afforded it an easier way out.

While the argument for extreme procedures may seem strong in the immediate aftermath of extreme cases, it is my judgment that in the long pull the freedoms of labor relations are worth more than the costs of their occasional abuse.

The prompt enactment of the measure I am recommending will provide the sensitive machinery necessary to enable the Government to protect the public interest in securing the speedy resolution of those disputes which

are of sufficient national concern to warrant Government intervention while at the same time furthering the public interest in promoting free collective bargaining without excessive Governmental intervention.

EXECUTIVE

LAG/Airlines

ET
X
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MYER FELDMAN
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July 2, 1966

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AREA CODE 202
783-5800
CABLE ADDRESS
"LEGIS"

MEMORANDUM FOR MR. CALIFANO

SUBJECT: Airline - Union (IAM) Dispute

1. As of now (Friday, July 1, 3:00 P.M.) the negotiations are deadlocked. The three critical issues seem to be:

- a) Wages (the carriers accept the Board's proposals; the Union wants higher percentage rates and a different method of calculation).
- b) Premium pay for holiday work (the Union wants a triple hourly rate but will settle for less).
- c) Cost of living escalator clause (the Union rejects the Board's wage reopener proposal; the carriers say they won't go beyond it).

2. In these cases I'm told that serious bargaining rarely begins more than 48 hours before the strike deadline which has now been advanced from July 6 to July 8. Jim Reynolds is trying to decide whether to keep both sides in Washington glowering at each other over the weekend or to send them home until Tuesday morning. There is some danger in having the District leaders visit the men since they'll probably demonstrate muscle by strike talk. My feeling nevertheless is that it's better to send them home and I so told Jim.

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3. Jim thinks that the ingredients of a settlement exist although Siemiller and Ramsey are spoiling for a strike. I believe there is some leeway on the wage issue and on premium pay for holidays but that it would be unwise to concede the cost of living escalator clause.

4. Most of the other issues are still open but will probably fall into place if the three main items can be disposed of.

D.G.

D. G.

EXECUTIVE

LA6/Airlines

July 7, 1966

President Johnson made the following statement:
I have just been informed of the breakdown in negotiations
between the five airline carriers -- Eastern, National, Northwest,
Pan American and the International Association
of Machinists, and of the decision of the Union
to strike.

Honorable Wayne Morse
United States Senate
Washington, D. C.

Dear Senator Morse:

Per our telephone conversation, I am
enclosing the President's remarks concerning
the airline dispute as given to the press.

Sincerely,

Joseph A. Califano, Jr.
Special Assistant to the President

Enclosure

I am disappointed by the failure of the parties to reach
agreement and by the decision of the Union to strike. I am
particularly concerned that our essential military needs be met,
that the important space work at Cape Kennedy be continued,
that the inconvenience to the travelling public be held to a minimum
and that mail deliveries continue with the least interference possible.

Working also sent to
Central Files as of

5/16/67

President Johnson today made the following statement:

I have just been informed of the breakdown in negotiations between the five airline carriers -- Eastern, National, Northwest, Trans-World and United Airlines -- and the International Association of Machinists and Aerospace Workers, and of the decision of the Union to strike the carriers.

The serious implications of this dispute make it imperative that the parties try to reach a prompt settlement. At my request, Assistant Secretary of Labor Reynolds will get in touch with the parties immediately and reconvene them as soon as possible. I am sure that all the American people share my deep concern over this matter and the conviction that the parties must do everything within their powers to bring about a settlement promptly.

I am disappointed by the failure of the parties to reach agreement and by the decision of the Union to strike. I am particularly concerned that our essential military needs be met, that the important space work at Cape Kennedy be continued, that the inconvenience to the travelling public be held to a minimum and that mail deliveries continue with the least interference possible.

R. H. W. Labor Act to investigate this dispute and to make findings of fact and recommendations. The Board was composed of Senator Wayne Morse, David Ginsburg, a distinguished Washington attorney,

I have asked Acting Secretary of Defense Cyrus Vance to make certain that all military requirements for air transport are fully met and to report to me immediately if any problems arise.

I have requested Chairman Charles Murphy and the Civil Aeronautics Board to take all appropriate action to provide needed airline services with the air carriers remaining in operation.

I have directed General William McKee, the Federal Aviation Administrator, to cooperate in every way possible with the Civil Aeronautics Board.

I have requested Chairman John Bush and the Interstate Commerce Commission to take all appropriate action to provide the maximum available rail and bus transportation to minimize the inconvenience to the travelling public.

I have instructed Postmaster General Lawrence O'Brien to use every available mode of transportation to move the mails as rapidly as possible, particularly to our servicemen in Viet Nam, and reduce to a minimum any delays in mail delivery.

On April 21, I established an Emergency Board under the Railway Labor Act to investigate this dispute and to make findings of fact and recommendations. The Board was composed of Senator Wayne Morse, David Ginsburg, a distinguished Washington attorney,

and Richard Neustadt of Harvard University. When the Board reported to me on June 7, I transmitted the report to the parties with my strong recommendation that they settle their differences within its framework. At that time, I expressed my belief and the belief of my advisers that the Board's recommendations formed "the framework for a just and prompt settlement, which is in the national interest." On June 13, the carriers informed me that they accepted the recommendations of the Emergency Board. Since that time, Secretary of Labor Willard Wirtz and Assistant Secretary of Labor James Reynolds have been working with the carriers and the Union to bring the dispute to a conclusion without a strike and with a fair and just settlement for both parties.

I have done everything within my power and have taken every action available to the Federal Government to minimize the inconvenience to the public resulting from the strike, but the basic responsibility to the public rests with the Union and the airlines.

They have a great responsibility to the travelling public and the public will expect them to live up to that responsibility.

Page 1 -- minor changes

Page 2 -- no changes

Page 3 -- 2 paragraphs substituted
for our proposed last
paragraph

FOR THE PRESIDENT

FROM Joe Califano
cc: Bob Fleming

Attached is a proposed statement for issuance by you this afternoon on the airline situation. Moyers and I recommend you put out the statement. All interested parties of the Government concur in it.

President Johnson today made the following statement:

I have just been informed of the breakdown in negotiations between the five airline carriers -- Eastern, National, Northwest, Trans-World and United Airlines -- and the International Association of Machinists and Aerospace Workers, and of the decision of the Union to strike the carriers.

The serious implications of this dispute make it imperative that the parties ^{try to} reach a prompt settlement. ~~I have requested them~~ ^{and they have agreed to resume negotiations promptly.} At my request, ~~Assistant Secretary~~ ^{Mr. J. Edgar} Reynolds will get in touch with the parties immediately and reconvene them as soon as possible. I am sure that all the American people share my deep concern over this matter and the conviction that the parties must do everything within their powers to bring about a settlement as promptly as possible.

I am disappointed by the failure of the parties to reach agreement and by the decision of the Union to strike. I am particularly concerned that our essential military needs be met, that the important space work at Cape Kennedy be continued, that the inconvenience to the

B ✓

travelling public be held to a minimum, and that ~~interference with~~ ^{continue with the least interference possible} mail deliveries be kept to a minimum. Assistant Secretary Reynolds

~~has been assured by the carriers and the Union that all essential military air transport requirements will be met and that essential operations at Cape Kennedy will continue.~~

I have asked Acting Secretary of Defense Cyrus Vance to make certain that all military requirements for air transport are fully met and to report to me immediately if any problems arise.

I have requested Chairman Charles Murphy and the Civil Aeronautics Board to take all appropriate action to provide needed airline services with the air carriers remaining in operation.

I have directed General William McKee, the Federal Aviation Administrator, to cooperate in every way possible with the Civil Aeronautics Board.

I have requested Chairman John Bush and the Interstate Commerce Commission to take all appropriate action to provide the maximum ~~of~~ available rail and bus transportation to minimize the inconvenience to the travelling public.

I have instructed Postmaster General Lawrence O'Brien to ^{use} ~~utilize~~ every available mode of transportation to move the mails as rapidly as possible ^{, particularly to our service in Viet Nam,} and reduce to a minimum any delays in mail delivery.

~~I have asked him to work closely with the Department of Defense to insure that the mails are moved without delay to our servicemen in Vietnam.~~

On April 21, I established an Emergency Board under the Railway Labor Act to investigate this dispute and to make findings of fact and recommendations. The Board was composed of Senator Wayne Morse, David Ginsburg, a distinguished Washington attorney, and Richard Neustadt of Harvard University. When the Board reported to me on June 7, I transmitted the report to the parties with my strong recommendation that they settle their differences within its framework. At that time, I expressed my belief and the belief of my advisers that the Board's recommendations formed "the framework for a just and prompt settlement, which is in the national interest." On June 13, the carriers informed me that they accepted the recommendations of the Emergency Board. Since that time, Secretary of Labor Willard Wirtz and Assistant Secretary of Labor James Reynolds have been working with the carriers and the Union to bring the dispute to a conclusion without a strike and with a fair and just settlement for both parties.

doing all within my power
I am taking every action available to ~~me~~ and the Federal Government ~~and~~

to minimize the inconvenience to the public resulting from this

strike. But the basic responsibility to the public rests with the

union and the airlines. I hope that they will recognize ^{their} ~~that~~ responsibility

and act in accord with it.

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EXECUTIVE

LAG/Airlines

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FOR THE PRESIDENT

FROM Joe Califano
cc: Bob Fleming

Attached is a proposed statement for issuance by you this afternoon on the airline situation. Moyers and I recommend you put out the statement. All interested parties of the Government concur in it.

ATTACHED IS A PROPOSED STATEMENT FOR ISSUANCE BY YOU THIS AFTERNOON ON THE AIRLINE SITUATION. MOYERS AND I RECOMMEND YOU PUT OUT THE STATEMENT. ALL INTERESTED PARTIES OF THE GOVERNMENT CONCUR IN IT.

ON TODAY MADE THE FOLLOWING STATEMENTS:

I HAVE BEEN INFORMED OF THE SITUATION OF THE AIRLINE INDUSTRY. THE FIVE AIRLINE CAPTAINS - THE AIRLINE PIONEERS - THE WORLD AND THE INTERESTED PARTIES OF THE INDUSTRY AND ALL CONCERNED PARTIES, AND THE GOVERNMENT OF THE UNITED STATES TO STRIKE THE AIRLINE INDUSTRY. I AM SURE THAT ALL THE AIRLINE PEOPLE ARE OF DEEP CONCERN OVER THIS SITUATION AND THE CONVICTION THAT THE PARTIES MUST DO THE RIGHT THING WITHIN THEIR POWERS TO BRING ABOUT A SETTLEMENT SOON.

I AM DISAPPOINTED BY THE FAILURE OF THE PARTIES TO REACH AN AGREEMENT AND BY THE DECISION OF THE INDUSTRY TO STRIKE. I AM PARTICULARLY CONCERNED THAT OUTSIDE OF THE AIRLINE INDUSTRY, THE IMPORTANT FACTORS AT THE MOMENT ARE OF CONTINUITY AT THE INCONVENIENCE TO THE PUBLIC.

THE PUBLIC MUST BE HELD TO A MINIMUM OF CONVENIENCE AND THE INDUSTRY MUST BE HELD TO A MINIMUM OF CONVENIENCE.

THE SECRETARY OF LABOR HAS BEEN ADVISED THAT THE AIRLINE INDUSTRY IS IN A POSITION TO BE HELD TO A MINIMUM OF CONVENIENCE.

Nothing else sent to
Central files as of 5/17/67

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1966 JUL 7 21 20

FROM CALIFANO
TO THE PRESIDENT
INFO BOB FLEMING
CITE WH60310

UNCLASSIFIED

FOR THE PRESIDENT
FROM JOE CALIFANO
CC: BOB FLEMING

ATTACHED IS A PROPOSED STATEMENT FOR ISSUANCE BY YOU THIS AFTERNOON ON THE AIRLINE SITUATION. MOYERS AND I RECOMMEND YOU PUT OUT THE STATEMENT. ALL INTERESTED PARTIES OF THE GOVERNMENT CONCUR IN IT.

PRESIDENT JOHNSON TODAY MADE THE FOLLOWING STATEMENT:

I HAVE JUST BEEN INFORMED OF THE BREAKDOWN IN NEGOTIATIONS BETWEEN THE FIVE AIRLINE CARRIERS -- EASTERN, NATIONAL, NORTHWEST, TRANS-WORLD AND UNITED AIRLINES -- AND THE INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS, AND THE DECISION OF THE UNION TO STRIKE THE CARRIERS. THE SERIOUS IMPLICATIONS OF THIS DISPUTE MAKE IT IMPERATIVE THAT THE PARTIES TRY TO REACH A PROMPT SETTLEMENT. AT MY REQUEST, ASSISTANT SECRETARY OF LABOR REYNOLDS WILL GET IN TOUCH WITH THE PARTIES IMMEDIATELY AND RECONVENE THEM AS SOON AS POSSIBLE. I AM SURE THAT ALL THE AMERICAN PEOPLE SHARE MY DEEP CONCERN OVER THIS MATTER AND THE CONVICTION THAT THE PARTIES MUST DO EVERYTHING WITHIN THEIR POWERS TO BRING ABOUT A SETTLEMENT PROMPTLY.

I AM DISAPPOINTED BY THE FAILURE OF THE PARTIES TO REACH AGREEMENT AND BY THE DECISION OF THE UNION TO STRIKE. I AM PARTICULARLY CONCERNED THAT OUR ESSENTIAL MILITARY NEEDS BE MET, THAT THE IMPORTANT SPACE WORK AT CAPE KENNEDY BE CONTINUED, THAT THE INCONVENIENCE TO THE

TRAVELLING PUBLIC BE HELD TO A MINIMUM, AND THAT MAIL DELIVERIES CONTINUE WITH THE LEAST INTERFERENCE POSSIBLE.

I HAVE ASKED ACTING SECRETARY OF DEFENSE CYRUS VANCE TO MAKE CERTAIN THAT ALL MILITARY REQUIREMENTS FOR AIR TRANSPORT ARE FULLY MET AND TO REPORT TO ME IMMEDIATELY IF ANY PROBLEMS ARISE.

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MAR 27 1967

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I HAVE REQUESTED CHAIRMAN CHARLES MURPHY AND THE CIVIL AERONAUTICS BOARD TO TAKE ALL APPROPRIATE ACTION TO PROVIDE NEEDED AIRLINE SERVICES WITH THE AIR CARRIERS REMAINING IN OPERATION.

I HAVE DIRECTED GENERAL WILLIAM MCKEE, THE FEDERAL AVIATION ADMINISTRATOR, TO COOPERATE IN EVERY WAY POSSIBLE WITH THE CIVIL AERONAUTICS BOARD.

I HAVE REQUESTED CHAIRMAN JOHN BUSH AND THE INTERSTATE COMMERCE COMMISSION TO TAKE ALL APPROPRIATE ACTION TO PROVIDE THE MAXIMUM OF AVAILABLE RAIL AND BUS TRANSPORTATION TO MINIMIZE THE INCONVENIENCE TO THE TRAVELLING PUBLIC.

I HAVE INSTRUCTED POSTMASTER GENERAL LAWRENCE O'BRIEN TO USE EVERY AVAILABLE MODE OF TRANSPORTATION TO MOVE THE MAILS AS RAPIDLY AS POSSIBLE, PARTICULARLY TO OUR SERVICEMEN IN VIETNAM, AND REDUCE TO A MINIMUM ANY DELAYS IN MAIL DELIVERY.

I HAVE ASKED THE POSTMASTER GENERAL TO WORK CLOSELY WITH THE DEPARTMENT OF DEFENSE TO INSURE THAT THE MAILS ARE MOVED WITHOUT DELAY TO OUR SERVICEMEN IN VIETNAM.

ON APRIL 21, I ESTABLISHED AN EMERGENCY BOARD UNDER THE RAILWAY LABOR ACT TO INVESTIGATE THIS DISPUTE AND TO MAKE FINDINGS OF FACT AND RECOMMENDATIONS. THE BOARD WAS COMPOSED OF SENATOR WAYNE MORSE, DAVID GINSBURG, A DISTINGUISHED WASHINGTON ATTORNEY, AND RICHARD NEUSTADT OF HARVARD UNIVERSITY. WHEN THE BOARD REPORTED TO ME ON JUNE 7, I TRANSMITTED THE REPORT TO THE PARTIES WITH MY STRONG RECOMMENDATION THAT THEY SETTLE THEIR DIFFERENCES WITHIN ITS FRAMEWORK. AT THAT TIME, I EXPRESSED MY BELIEF AND THE BELIEF OF MY ADVISERS THAT THE BOARD'S RECOMMENDATIONS FORMED " THE FRAMEWORK FOR A JUST AND PROMPT SETTLEMENT, WHICH IS IN THE NATIONAL INTEREST." ON JUNE 13, THE CARRIERS INFORMED ME THAT THEY ACCEPTED THE RECOMMENDATIONS OF THE EMERGENCY BOARD. SINCE THAT TIME, SECRETARY OF LABOR WILLARD WIRTZ AND ASSISTANT SECRETARY OF LABOR JAMES REYNOLDS HAVE BEEN WORKING WITH THE CARRIERS AND THE UNION TO BRING THE DISPUTE TO A CONCLUSION WITHOUT A STRIKE AND WITH A FAIR AND JUST SETTLEMENT FOR BOTH PARTIES.

DTG : 072052 JUL 1966

1

President Johnson today made the following statement:

I have just been informed of the breakdown in negotiations between the five airline carriers -- Eastern, National, Northwest, Trans-World and United Airlines -- and the International Association of Machinists and Aerospace Workers, and of the decision of the Union to strike the carriers.

The serious implications of this dispute make it imperative that the parties ^{try to} reach a prompt settlement. ~~I have requested them~~ ^{parties}

~~and they have agreed to resume negotiations promptly.~~ At my request, ^{Assistant Secretary J. J. [unclear]} ~~Assistant Secretary~~ Reynolds will get in touch with the parties

immediately and reconvene them as soon as possible. I am sure that all the American people share my deep concern over this matter and the conviction that the parties must do everything within their powers to bring about a settlement as promptly as possible.

I am disappointed by the failure of the parties to reach agreement and by the decision of the Union to strike. I am particularly concerned that our essential military needs be met, that the important space work at Cape Kennedy be continued, that the inconvenience to the

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travelling public be held to a minimum, and ~~that interference with~~
that mail deliveries be kept to a minimum. ~~Assistant Secretary Reynolds~~
continue with the least interference possible
~~has been assured by the carriers and the Union that all essential~~
~~military air transport requirements will be met and that essential~~
~~operations at Cape Kennedy will continue.~~

I have asked Acting Secretary of Defense Cyrus Vance to make certain that all military requirements for air transport are fully met and to report to me immediately if any problems arise.

I have requested Chairman Charles Murphy and the Civil Aeronautics Board to take all appropriate action to provide needed airline services with the air carriers remaining in operation.

I have directed General William McKee, the Federal Aviation Administrator, to cooperate in every way possible with the Civil Aeronautics Board.

I have requested Chairman John Bush and the Interstate Commerce Commission to take all appropriate action to provide the maximum of available rail and bus transportation to minimize the inconvenience to the travelling public.

I have instructed Postmaster General Lawrence O'Brien to *use* ~~utilize~~ every available mode of transportation to move the mails as rapidly as possible *, particularly to our service in Viet Nam,* and reduce to a minimum any delays in mail delivery.

3

The Postmaster General

I have asked ~~him~~ to work closely with the Department of Defense to insure that the mails are moved without delay to our servicemen in Vietnam.

On April 21, I established an Emergency Board under the Railway Labor Act to investigate this dispute and to make findings of fact and recommendations. The Board was composed of Senator Wayne Morse, David Ginsburg, a distinguished Washington attorney, and Richard Neustadt of Harvard University. When the Board reported to me on June 7, I transmitted the report to the parties with my strong recommendation that they settle their differences within its framework.

At that time, I expressed my belief and the belief of my advisers that the Board's recommendations formed "the framework for a just and prompt settlement, which is in the national interest." On June 13, the carriers informed me that they accepted the recommendations of the Emergency Board. Since that time, Secretary of Labor Willard Wirtz and Assistant Secretary of Labor James Reynolds have been working with the carriers and the Union to bring the dispute to a conclusion without a strike and with a fair and just settlement for both parties.

me

July 7, 1966

EXECUTIVE

LAG/Airlines

Statement by the President in the Airlines Dispute

Assistant Secretary of Labor James J. Reynolds has just advised me that final efforts to resolve the dispute between five major airlines and the International Association of Machinists and Aerospace Workers have been unsuccessful and that a strike will undoubtedly take place on all five airlines tomorrow, July 8, at 6 a.m. This development comes with a sense of deep concern and disappointment to me in view of the serious effects such a work stoppage will have on the nation and in view of the long history of collective bargaining and mediation efforts which have lead to this result.

The parties to this dispute commenced negotiations in October of last year. Early this year the services of the National Mediation Board were invoked and mediation efforts by that Agency continued for several months. Upon notification in April that the Mediation Board had been unsuccessful in resolving this dispute and that it threatened to substantially interrupt interstate commerce so as to deprive the country of essential transportation service, I promptly appointed a Presidential Emergency Board pursuant to provisions of the Railway Labor Act. This distinguished panel, composed of Senator Wayne

AIRLINE AND UNION REPRESENTATIVES
ATTENDING 9:00 A.M. SESSION

Union

X ✓ T. L. Siemiller - International President
 X ✓ Joseph W. Ramsey - General Vice President
 ✓ Frank Heisler - *Air Transport Coordinator*
 ✓ Robert E. Stenzinger - *Grand Lodge Rep.*
 ✓ Vernon Jirikovic - *Rickards Union*
 ✓ William Schenck - *Grand Lodge Rep*
 Elton Barstad - *Gen. Chairman - NW*
 John Burch " *NAT*
 Julius Wilhelm " *EASTERN*
 Fred Spencer " *TWA*
 Robert Quick " *UPD*

Carriers

X ✓ William Curtin - Chairman, Carriers Negotiating Committee
 ✓ Charles M. Mason - *Sec. VP Personnel*
 Paul Berthoud - *Asst VP, United Airlines*
 ✓ J. M. Rosenthal - *VP - Industrial Rel, Natl Airlines*
 ✓ Robert A. Ebert - *VP - Industrial Rel, NW*
 ✓ Ralph H. Skinner - *VP " " Eastern*
 John P. Mead - *Staff VP " " TWA*
 ✓ David J. Crombie - *VP " " TWA*
 Howard Pollard - *Natl Airlines*
 Jerry Whittman - *Union*
 Bob Mauney - *NW*

Also Labor

✓ Secretary Wirtz
 ✓ Asst Secretary Reynolds
 John Leslie
 John Gentry

X *opposite President*

**TALKING POINTS FOR PRESIDENT'S JOINT MEETING
WITH AIRLINES AND UNION**

1. I appreciate you gentlemen coming here this morning.
2. I know this long-drawn-out negotiation has been a grueling performance for all of you. The last 3 weeks of it have also been pretty rough on the country.
3. Bill Wirtz and Jim Reynolds tell me that the issues of principle in this case have now been brought very close to resolution. But there are still some details to be cleaned up.
4. My very urgent advice to you is to get back to work and bring this matter to a prompt conclusion. From what I know about this case, that can be done and done quickly.
5. It seems to me that the time has passed for quibbling about small points. It's time for a settlement. Then your companies and your members, and the Congress and the country can all get back about their business.
6. I am going to be waiting for a report from Secretary Wirtz that you have done what now needs to be done -- that you have reached a responsible settlement.

October of last year. Early this year the services of the National

Mediation Board were invoked and mediation efforts by that

Agency continued for several months. Upon notification in

April that the Mediation Board had been unsuccessful in resolving

the dispute and that it threatened to substantially interrupt

the commerce so as to deprive the country of essential

transportation service, I promptly appointed a Presidential

Emergency Board pursuant to provisions of the Railway Labor

Act. This distinguished panel, headed by Mr. [Name],

July 7

FOR THE PRESIDENT

July 7, 1966

FROM Joe Califano

PRESIDENT

There follows the text of a memorandum from Gardner

Ackley on the Economic Impact of the Airlines Strike, the economy. K

QUOTE -- UNQUOTE

... of all cargo, and much of this ... by other airlines. The balance can be carried by transport. There could be a few cases where production is delayed by failure of replacement parts to arrive.

Airlines carry about 28% of all ... passenger traffic ... that by private automobiles. ... of this is business ... the balance vacation and other personal travel.

... of this will continue through extended use of other airlines ... ground transport, though with delays, inconvenience, and ... efficiency. But no appreciable loss of production will occur if ... salesman is late or misses a contact; or if some deals have ... to be consummated by mail or telephone.

The real cost will be the unhappiness, discomfort, and discontent of personal travelers.

4. The delay of mail will also cause business inconvenience and personal unhappiness. The telephone can substitute in part.
5. The only identifiable loss of production and income will be the direct loss of \$6 - \$7 million a day of airline revenues and \$2 - \$2-1/2 million a day of payroll. This will be largely offset by increased business done by and wages paid by alternate carriers. Reduced consumer spending will, after some delay, magnify this impact. But it still will be negligible.
6. The most important economic impact of the strike will be on the size of the ultimate wage settlement, with its repercussions on other future settlements.

... one knows whether the strike will mean ... or otherwise.

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sent to ...
as of ...

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

EXECUTIVE

LA6/Airline ①
BES
FG11-3

July 7, 1966

MEMORANDUM FOR THE PRESIDENT

Subject: Economic Impact of the Airline Strike

1. The airline strike will have an insignificant impact on the economy.
2. The struck airlines carry about .05% of all cargo, and much of this can be taken over by other airlines. The balance can be carried by other modes of transport. There could be a few cases where production would be delayed by failure of replacement parts to arrive.
3. The struck airlines carry about 28% of all intercity passenger traffic other than that by private automobile. Two-thirds of this is business travel, the balance vacation and other personal travel.
 - Much of this will continue through expanded use of other airlines and ground transport, though with delays, inconvenience, and inefficiency. But no appreciable loss of production will occur if the salesman is late or misses a contact; or if some deals have to be consummated by mail or telephone.
 - The real cost will be the unhappiness, discomfort, and discontent of personal travelers.
4. The delay of mail will also cause business inconvenience and personal unhappiness. The telephone can substitute in part.
5. The only identifiable loss of production and income will be the direct loss of \$6 - \$7 million a day of airline revenues and \$2 - \$2-1/2 million a day of payrolls. This will be largely offset by increased business done by and wages paid by alternate carriers. Reduced consumer spending will, after some delay, magnify this impact. But it still will be negligible.
6. The most important economic impact of the strike will be on the size of the ultimate wage settlement, with its repercussions on other future settlements.
 - No one knows whether the strike will mean a lower settlement than otherwise.

Orig out
Nothing else sent to
Central Files of 9/1/66

- But Government pressure on the employers to cave in, so as to avoid a strike, would do even more damage to our wage stabilization objectives.

Gardner Ackley

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MAR 27 1966
CENTRAL FILES

INTERSTATE COMMERCE COMMISSION

"TO TAKE ALL APPROPRIATE ACTIONS TO PROVIDE THE MAXIMUM AVAILABLE RAIL AND BUS TRANSPORTATION TO MINIMIZE THE INCONVENIENCE TO THE TRAVELING PUBLIC."

--INSTRUCTED POSTMASTER GENERAL F. O'BRIEN "TO USE EVERY AVAILABLE MODE OF TRANSPORTATION TO MOVE THE MAILES AS RAPIDLY AS POSSIBLE, PARTICULARLY TO OUR SERVICEMEN IN VIET NAM, AND REDUCE TO A MINIMUM ANY DELAYS IN MAIL DELIVERY.

JOHNSON SAID HE WAS "DISAPPOINTED BY THE FAILURE OF THE PARTIES TO REACH AGREEMENT AND BY THE DECISION OF THE UNION TO STRIKE."

HE RECALLED THAT HE HAD URGED THE AIRLINES AND THE UNION TO ACCEPT "THE FRAMEWORK FOR A JUST AND PROMPT SETTLEMENT" WHICH WAS RECOMMENDED TO HIM JUNE 7 BY A THREE-MEMBER EMERGENCY BOARD HEADED

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mailing, 100
mail return,

→ Al Skulster ←

→ Jack Hornby ←

EXPENSE WILL NOT BE DEDUCTIBLE.

AN IRS OFFICIAL SAID IT WASN'T FAIR FOR SOMEONE WHO HAS BEEN TEACHING FIVE YEARS TO BE ABLE TO DEDUCT SUCH AN EXPENSE WHEN ANOTHER PERSON, TRYING TO BECOME A TEACHER -- THAT IS, TRYING TO GET A JOB OR A BETTER JOB -- CANNOT DEDUCT IT.

UNDER THE PROPOSED NEW RULES, SOMEONE WHO SIGNS UP FOR A COURSE LEADING TO A DEGREE OR DIPLOMA -- NO MATTER WHAT THE REASON -- MAY NOT DEDUCT HIS SCHOOL EXPENSES. UNLIKE THE OTHER RULES, THIS WILL ONLY APPLY STARTING JAN. 1.

THE IRS INVITED COMMENTS ON ITS NEW RULES WITHIN 30 DAYS AND SAID IT WOULD HOLD A PUBLIC HEARING IF ANYONE REQUESTED IT.

7/7--JD607PED

UPI-156

(WHEELER)

WASHINGTON--GEN. EARLE G. WHEELER, 58, CHAIRMAN OF THE JOINT CHIEFS OF STAFF, HAD A CATARACT REMOVED FROM HIS RIGHT EYE AT WALTER REED ARMY HOSPITAL TODAY.

THE OPERATION WAS DESCRIBED BY THE DEFENSE DEPARTMENT AS SATISFACTORY AND WHEELER WAS SAID TO BE "DOING VERY WELL."

7/7--JD608PED

UPI-157

(ELDO)

PARIS -- A FIERCE FIGHT BETWEEN AUSTRALIA AND FRANCE OVER WHO SHOULD GET THE LAUNCHING SITE FOR EUROPE'S JOINT ROCKET THREW A HITCH IN SETTLEMENT OF THE EUROPEAN SPACE PROGRAM CRISIS TODAY.

SOLUTION OF THE CRITICAL POINTS AT ISSUE IN DEVELOPING THE EUROPEAN MISSILE WERE WELL UNDERWAY WHEN THE QUESTION OF EQUATORIAL BASES WAS PUT TO THE MINISTERS AT THE EUROPEAN LAUNCHER DEVELOPMENT ORGANIZATION (ELDO).

THE MINISTERS HAVE ONE MORE DAY TO SETTLE THE PROBLEM. THEY EARLIER HAD BEEN OPTIMISTIC THAT SOLUTIONS WOULD BE REACHED TO ENABLE EUROPE TO GO AHEAD WITH ITS SPACE VENTURE.

IT WAS UNDERSTOOD THAT AGREEMENT HAD ALREADY BEEN REACHED IN PRINCIPLE OVER THE NEW SHARE OF ELDO COSTS UNDER WHICH BRITAIN'S PERCENTAGE WOULD DROP FROM 39 TO 27.

7/7--JD611PED

UPI-158

CORRECTION:

IN TEAMSTERS, MIAMI BEACH (UPI-148) REMARKS MADE BY ANOTHER TEAMSTER OFFICIAL WERE INCORRECTLY ATTRIBUTED TO TEAMSTER OFFICIAL EINAR MOHN, NECESSITATING THE FOLLOWING CORRECTIONS.

-0-

IN THE 3RD PGH, READ IT:

"HE SAYS HE'S NOT GUILTY. WE SAY HE'S NOT GUILTY. THE EXECUTIVE BOARD SAYS HE'S NOT GUILTY. COME WHAT MAY, WE DON'T CARE. THE HELL WITH EVERYTHING," SAID 77-YEAR-OLD TEAMSTER SECRETARY-TREASURER JOHN ENGLISH IN NOMINATING HOFFA.

-0-

5TH PGH:

HOFFA, ENGLISH SAID, IS "A MAN THAT

HOFFA, ENGLISH SAID, IS "A MAN THAT MANY A CORPORATION IN CITIES ALL OVER THE COUNTRY WOULD LOVE TO HAVE...AND THEY WOULDN'T BE PAYING HIM \$100,000 A YEAR, THEY'D BE PAYING HIM \$500,000 PLUS EXPENSES."

WCNS

7/7--JD613PED

UPI-159

(CONTRACT)

WASHINGTON (UPI)--THE AIR FORCE ANNOUNCED PLANS TODAY TO NEGOTIATE A 3-YEAR \$56 MILLION CONTRACT WITH FEDERAL ELECTRIC CORPORATION TO MANAGE, OPERATE AND MAINTAIN TECHNICAL FACILITIES OF THE WESTERN TEST RANGE.

THE RANGE, BASED AT VANDENBURG AFB, CALIFORNIA, AND EXTENDING ACROSS THE PACIFIC, IS USED BY THE DEFENSE DEPARTMENT AND NASA FOR BALLISTIC MISSILE AND SPACE PROGRAMS.

IT IS THE PACIFIC COUNTERPART OF THE EASTERN TEST RANGE BASED ON CAPE KENNEDY, FLA.

7/7--JD616PED

UPI-160

UPI-155

(TAXES)

WASHINGTON--THE INTERNAL REVENUE SERVICE (IRS) TODAY PROPOSED A CRACKDOWN ON INCOME TAX DEDUCTIONS FOR EDUCATIONAL EXPENSES.

THE PROPOSED RULE CHANGES, PUBLISHED IN THE FEDERAL REGISTER, COULD AFFECT THOUSANDS OF TEACHERS, DOCTORS, LAWYERS, ACCOUNTANTS AND OTHER PROFESSIONAL OR TRADE PEOPLE PLANNING TO GO BACK TO SCHOOL.

IRS OFFICIALS SHIED AWAY FROM SAYING THE PRESENT REGULATIONS WERE WIDELY ABUSED. BUT THEY SAID THE RULES WERE SUBJECT TO WIDESPREAD "MISINTERPRETATIONS" THAT COST THE GOVERNMENT MILLIONS OF DOLLARS EACH YEAR.

WHETHER SOMEONE CAN DEDUCT HIS SCHOOL EXPENSES WILL STILL TURN ON THIS KEY QUESTION: DOES HE GO TO SCHOOL TO MAINTAIN HIS SKILLS OR KEEP HIS PRESENT JOB? OR DOES HE GO TO SCHOOL IN ORDER TO GET A BETTER JOB?

IF IT IS TO MAINTAIN HIS SKILLS, THEN HE CAN DEDUCT THE EXPENSES ON HIS INCOME TAX. IF IT IS TO GET A BETTER JOB, NO DEDUCTION IS ALLOWED.

THUS, AS IN THE PAST, A DOCTOR WHO TAKES A TWO-WEEK COURSE REVIEWING NEW DEVELOPMENTS IN PEDIATRICS WILL BE ABLE TO DEDUCT HIS EXPENSES. BUT A GENERAL PRACTITIONER WHO TAKES A COURSE THAT QUALIFIES HIM TO BECOME A SPECIALIST IN PEDIATRICS -- THAT IS TO GET A BETTER JOB -- WILL NOT BE ALLOWED TO WRITE IT OFF ON HIS TAX RETURN.

TEACHERS REQUIRED TO TAKE, FOR EXAMPLE, SIX HOURS OF GRADUATE WORK EVERY THREE YEARS TO RETAIN THEIR TEACHING CERTIFICATE STILL WILL BE ABLE TO DEDUCT IT.

BUT IF A STATE SUDDENLY DECIDES TO UPGRADE TEACHING STANDARDS BY REQUIRING EVERY TEACHER TO TAKE A CERTAIN NUMBER OF HOURS OF GRADUATE COURSES -- A ONE SHOT AFFAIR -- SIMPLY TO REMAIN A TEACHER, THEN THIS EXPENSE WILL NOT BE DEDUCTIBLE.

AN IRS OFFICIAL SAID IT WASN'T FAIR FOR SOMEONE WHO HAS BEEN TEACHING FIVE YEARS TO BE ABLE TO DEDUCT SUCH AN EXPENSE WHEN ANOTHER PERSON, TRYING TO BECOME A TEACHER -- THAT IS, TRYING TO GET A JOB OR A BETTER JOB -- CANNOT DEDUCT IT.

UNDER THE PROPOSED NEW RULES, SOMEONE WHO SIGNS UP FOR A COURSE LEADING TO A DEGREE OR DIPLOMA -- NO MATTER WHAT THE REASON -- MAY NOT DEDUCT HIS SCHOOL EXPENSES. UNLIKE THE OTHER RULES, THIS WILL ONLY APPLY STARTING JAN. 1.

THE IRS INVITED COMMENTS ON ITS NEW RULES WITHIN 30 DAYS AND SAID IT WOULD HOLD A PUBLIC HEARING IF ANYONE REQUESTED IT.

7/7--JD607PED

EXECUTIVE

LAG/Airlines

SENT
RECEIVED
WHCA

SENT
9:37 P.M.

EEB156
OO WTE10
DE WTE 1143

1966 JUL 8 01 37

FROM: JOE CALIFANO
TO : THE PRESIDENT
CITE: WH60313

UNCLASSIFIED

FOR THE PRESIDENT

FROM JOE CALIFANO

THERE FOLLOWS THE TEXT OF A MEMORANDUM FROM GARDNER
ACKLEY ON THE ECONOMIC IMPACT OF THE AIRLINES STRIKE.

QUOTE

JULY 7, 1966

MEMORANDUM FOR THE PRESIDENT

SUBJECT: ECONOMIC IMPACT OF THE AIRLINE STRIKE

1. THE AIRLINE STRIKE WILL HAVE AN INSIGNIFICANT IMPACT ON THE ECONOMY.
2. THE STRUCK AIRLINES CARRY ABOUT .05 PERCENT OF ALL CARGO, AND MUCH OF THIS CAN BE TAKEN OVER BY OTHER AIRLINES. THE BALANCE CAN BE CARRIED BY OTHER MODES OF TRANSPORT. THERE COULD BE A FEW CASES WHERE PRODUCTION WOULD BE DELAYED BY FAILURE OF REPLACEMENT PARTS TO ARRIVE.
3. THE STRUCK AIRLINES CARRY ABOUT 28 PERCENT OF ALL INTERCITY PASSENGER TRAFFIC OTHER THAN THAT BY PRIVATE AUTOMOBILE. TWO-THIRDS OF THIS IS BUSINESS TRAVEL, THE BALANCE VACATION AND OTHER PERSONAL TRAVEL.
- . MUCH OF THIS WILL CONTINUE THROUGH EXPANDED USE OF OTHER AIRLINES AND GROUND TRANSPORT, THOUGH WITH DELAYS, INCONVENIENCE, AND INEFFICIENCY. BUT NO APPRECIABLE LOSS OF PRODUCTION WILL OCCUR IF THE SALESMAN IS LATE OR MISSES A CONTACT; OR IF SOME DEALS HAVE TO BE CONSUMMATED BY MAIL OR TELEPHONE.

THE REAL COST WILL BE THE UNHAPPINESS, DISCOMFORT,
AND DISCONTENT OF PERSONAL TRAVELERS.

4. THE DELAY OF MAIL WILL ALSO CAUSE BUSINESS INCONVENIENCE
AND PERSONAL UNHAPPINESS. THE TELEPHONE CAN SUBSTITUTE
IN PART.

5. THE ONLY IDENTIFIABLE LOSS OF PRODUCTION AND INCOME WILL
BE THE DIRECT LOSS OF \$6-\$7 MILLION A DAY OF AIRLINE
REVENUES AND \$2-\$2-1/2 MILLION A DAY OF PAYROLLS. THIS
WILL BE LARGELY OFFSET BY INCREASED BUSINESS DONE BY AND
WAGES PAID BY ALTERNATE CARRIERS. REDUCED CONSUMER SPENDING
WILL, AFTER SOME DELAY, MAGNIFY THIS IMPACT. BUT IT STILL
WILL BE NEGLIGIBLE.

6. THE MOST IMPORTANT ECONOMIC IMPACT OF THE STRIKE WILL
BE ON THE SIZE OF THE ULTIMATE WAGE SETTLEMENT, WITH ITS
REPERCUSSIONS ON OTHER FUTURE SETTLEMENTS.

. NO ONE KNOWS WHETHER THE STRIKE WILL MEAN A LOWER
SETTLEMENT THAN OTHERWISE.

. BUT GOVERNMENT PRESSURE ON THE EMPLOYERS TO CAVE IN,
SO AS TO AVOID A STRIKE, WOULD DO EVEN MORE DAMAGE TO OUR
WAGE STABILIZATION OBJECTIVES.

GARDNER ACKLEY

UNQUOTE

DTG: 080055Z JULY 1966

FOR THE PRESIDENT

FROM Joe Califano

There follows the text of a memorandum from Gardner

Ackley on the Economic Impact of the Airlines Strike.

QUOTE -- UNQUOTE

1. The airlines carry about 85% of all passengers and much of this

can be carried by other modes of transport. There will be a few cases where production will be delayed by faster than normal travel.

2. The airlines carry about 75% of all interstate passengers, traffic other than that by private automobile. In this traffic, the balance vacation and business travel.

3. Much of this will continue to be carried by other airlines and ground transport, though with some inconvenience, and inefficiency. But no appreciable loss of production will occur if any business is not dependent on air travel, or if some deals have to be communicated by mail or telephone.

4. The real cost will be the unhappiness and discomfort, and discontent of persons traveling.

5. The delay of mail will also cause business inconvenience and personal annoyance. The telephone can substitute in part.

6. The only identifiable loss of production and income will be the direct loss of \$6 - \$7 million a day of business expenses and \$2 - \$2-1/2 million a day of payroll. This will be offset by increased business activity and wages paid by alternative methods. Reduced consumer spending will, after some delay, be the impact. But it still will be negligible.

7. The only identifiable loss of production and income will be the direct loss of \$6 - \$7 million a day of business expenses and \$2 - \$2-1/2 million a day of payroll. This will be offset by increased business activity and wages paid by alternative methods. Reduced consumer spending will, after some delay, be the impact. But it still will be negligible.

8. The only identifiable loss of production and income will be the direct loss of \$6 - \$7 million a day of business expenses and \$2 - \$2-1/2 million a day of payroll. This will be offset by increased business activity and wages paid by alternative methods. Reduced consumer spending will, after some delay, be the impact. But it still will be negligible.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

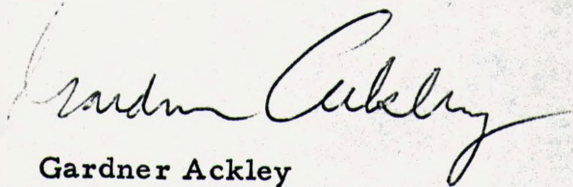
July 7, 1966

MEMORANDUM FOR THE PRESIDENT

Subject: Economic Impact of the Airline Strike

1. The airline strike will have an insignificant impact on the economy.
2. The struck airlines carry about .05% of all cargo, and much of this can be taken over by other airlines. The balance can be carried by other modes of transport. There could be a few cases where production would be delayed by failure of replacement parts to arrive.
3. The struck airlines carry about 28% of all intercity passenger traffic other than that by private automobile. Two-thirds of this is business travel, the balance vacation and other personal travel.
 - . Much of this will continue through expanded use of other airlines and ground transport, though with delays, inconvenience, and inefficiency. But no appreciable loss of production will occur if the salesman is late or misses a contact; or if some deals have to be consummated by mail or telephone.
 - . The real cost will be the unhappiness, discomfort, and discontent of personal travelers.
4. The delay of mail will also cause business inconvenience and personal unhappiness. The telephone can substitute in part.
5. The only identifiable loss of production and income will be the direct loss of \$6 - \$7 million a day of airline revenues and \$2 - \$2-1/2 million a day of payrolls. This will be largely offset by increased business done by and wages paid by alternate carriers. Reduced consumer spending will, after some delay, magnify this impact. But it still will be negligible.
6. The most important economic impact of the strike will be on the size of the ultimate wage settlement, with its repercussions on other future settlements.
 - . No one knows whether the strike will mean a lower settlement than otherwise.

- But Government pressure on the employers to cave in, so as to avoid a strike, would do even more damage to our wage stabilization objectives.



Gardner Ackley

ZCZCEEB161
OO WTE10
DE WTE 1158

FROM: JOE CALIFANO
TO : THE PRESIDENT
CITE: CAP66493

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

FOR THE PRESIDENT

FROM JOE CALIFANO

THERE FOLLOWS THE TEXT OF A PRESS RELEASE PUT OUT THIS AFTERNOON BY THE CIVIL AERONAUTICS BOARD IN RESPONSE TO YOUR DIRECTIVE THAT THEY TAKE ALL APPROPRIATE ACTION TO PROVIDE NEEDED AIRLINE SERVICES WITH THE AIR CARRIERS REMAINING IN OPERATION.

TOMORROW THE CAB WILL ISSUE A "BLANKET EXEMPTION" WHICH WILL PERMIT THE NON-STRUCK AIRLINES TO FLY THE ROUTES OF THE STRUCK AIRLINES. MURPHY BELIEVES THAT THIS WILL BE ACCEPTED BY ALL STRUCK AIRLINES EXCEPT UNITED, WHICH WILL PROBABLY COMPLAIN THAT THE ACTION HAS THE EFFECT OF PUTTING PRESSURE ON THE CARRIERS TO SETTLE.

QUOTE

THE CIVIL AERONAUTICS BOARD, COMPLYING WITH A PRESIDENTIAL REQUEST, HAS BEEN MEETING WITH AIR CARRIER REPRESENTATIVES ON WAYS TO PROVIDE NEEDED AIRLINE SERVICE DURING THE STRIKE EMERGENCY.

FOUR SEPARATE MEETINGS WERE HELD WITH REPRESENTATIVES OF TRUNKLINE, LOCAL SERVICE AND SUPPLEMENTAL CARRIERS, AND THE FIVE TRUNKLINE CARRIERS INVOLVED IN THE STRIKE.

CHAIRMAN MURPHY SAID THEY WERE "EXPLORATORY SESSIONS AND NO DECISIONS HAD BEEN REACHED." HE SAID THERE IS "CONSIDERABLE WILLINGNESS ON PART OF ALL THE CARRIERS TO ASSIST DURING THE EMERGENCY."

CHAIRMAN MURPHY SAID A STAFF TASK FORCE HAS BEEN ESTABLISHED TO ASSIST AIR CARRIERS NOT ON STRIKE IN THEIR EFFORTS TO PROVIDE THE NEEDED TRANSPORTATION.

THE TASK FORCE, CHAIRMAN MURPHY SAID, WILL AFFORD A CLEARING HOUSE OF INFORMATION WITH RESPECT TO THE SPECIAL NEEDS FOR AIR SERVICE IN PARTICULAR AREAS OF THE COUNTRY. THE TASK FORCE ALSO WILL HAVE A RECORD OF THE AVAILABILITY OF AIRCRAFT AND CREWS TO MEET THESE NEEDS, THE CHAIRMAN ADDED.

JACK ROSENTHAL, DIRECTOR OF THE CAB'S BUREAU OF OPERATING RIGHTS, IS CHAIRMAN OF THE TASK FORCE. OTHER MEMBERS ARE ALPHONSE N. ANDREWS, DEPUTY DIRECTOR, BUREAU OF OPERATING RIGHTS; IRVING ROTH, DIRECTOR, BUREAU OF ECONOMICS; W. FLETCHER LUTZ, DEPUTY DIRECTOR, BUREAU OF ECONOMICS; JOSEPH B. GOLDMAN, GENERAL COUNSEL; B. R. ALLEN, DIRECTOR, BUREAU OF SAFETY; AND JOSEPH C. WATSON, DIRECTOR BUREAU OF INTERNATIONAL AFFAIRS.

THE BOARD IS MEETING THIS AFTERNOON TO CONSIDER FURTHER ACTIONS TO MEET THE EMERGENCY.

UNQUOTE

DTG: 252301Z JULY 9166

~~CONFIDENTIAL~~

DETERMINED TO BE AN
ADMINISTRATIVE MARKING

BY 7h ON 3-16-82

July 8, 1966

FOR THE PRESIDENT

FROM Joe Califano

There follows the text of a press release put out this afternoon by the Civil Aeronautics Board in response to your directive that they take all appropriate action to provide needed airline services with the air carriers remaining in operation.

Tomorrow the CAB will issue a "blanket exemption" which will permit the non-struck airlines to fly the routes of the struck airlines. Murphy believes that this will be accepted by all the struck airlines except United, which will probably complain that the action has the effect of putting pressure on the carriers to settle.

QUOTE -- UNQUOTE

6 The Civil Aeronautics Board, complying with a Presidential request, has been meeting with air carrier representatives on ways to provide needed airline services during the strike emergency.

Four separate meetings were held with representatives of trunkline, local service and supplemental carriers, and the five trunkline carriers involved in the strike.

Chairman Murphy said they were "exploratory sessions and no decisions had been reached." He said there is "considerable willingness on part of all the carriers to assist during the emergency."

Chairman Murphy said a staff task force has been established to assist air carriers not on strike in their efforts to provide the needed transportation.

The task force, Chairman Murphy said, will afford a clearing house of information with respect to the special needs for air service in particular areas of the country. The task force also will have a record of the availability of aircraft and crews to meet these needs, the Chairman added.

Jack Rosenthal, director of the CAB's Bureau of Operating Rights, is chairman of the task force. Other members are Alphonse M. Andrews, deputy director, Bureau of Operating Rights; Irving Roth, director, Bureau of Economics; W. Fletcher Lutz, deputy director, Bureau of Economics; Joseph B. Goldman, general counsel; B. R. Allen, director, Bureau of Safety; and Joseph C. Watson, director Bureau of International Affairs.

The Board is meeting this afternoon to consider further actions to meet the emergency. //

→ Morris 1st June
7 July

The Emergency Board in the Airlines Dispute appointed by the President handed down its recommendations on June 5. The parties to the dispute understood from the very first day of the hearings held by the Board that the recommendations would be based upon the evidence submitted by the parties to the Board and on no other consideration. The Board made its recommendations based upon the evidence submitted by the parties. It was the responsibility of the Union and the carriers to present all the evidence available to them. The parties understood this.

The Board's report shows that, in some instances, the representatives of the Union failed to sustain their burden of proof. In some instances, this was true of the carriers. Now the Union complains that the Board should have granted them benefits which the Union's evidence failed to justify.

The recommendations of the Board offered a fair and reasonable framework within which the parties should come to an agreement between themselves for a final settlement of their dispute. This was so recognized by those in the Administration that studied the report, including the President of the United States.

Under the Railway Labor Act, which applies to disputes involving air carriers, the parties had 30 days following the submission of the Emergency Board Report to the President to mediate any agreement over any issue that remained in dispute between them, after the submission of the recommendations by the Emergency Board.

Aug 4
Nothing else sent to
Central Files as of 4/2/67
WR

The parties have up until this hour failed to reach a mediation settlement although they have had available to them for mediation conferences the Assistant Secretary of Labor, James Reynolds, who I consider is without a superior in the entire field of labor mediation in our country today. The union is now striking because it has failed to reach an agreement, although the carriers have been willing to accept the recommendations of the Emergency Board and have indicated a willingness in the mediation negotiations with Secretary Reynolds to accept some modifications in the Board's report.

Any strike called by this union at this critical hour in the history of our country will all the security problems that confront the Republic cannot be justified on any basis whatsoever. Any strike called by this union in this hour of crisis is not reconcilable with the patriotic responsibility of the Union to its government, to its members and to the people of the country. It would be an unconscionable strike.

As one who has for 32 years been involved in the settlement of labor disputes, I want to plead with the leaders of this union and their members that they announce immediately that they are willing to postpone any strike action for an additional two weeks, for further mediation in this case. As Chairman of the President's Board, I would be perfectly willing to reconvene the Board to answer any questions that the parties to the dispute may have as to any misunderstandings concerning

the Board's report and, in addition, I would be willing to have the Board, in cooperation with Asst Secretary James Reynolds, if the President so desires, make itself available to mediate any issues that stand in disagreement during the next two week period. This is one case in which there is no possible justification for the Union to strike. The Union has made great gains under the Board's report; I am convinced that tsuch differences as remain can be resolved on a fair basis to both parties and to the public, without a strike. In any event, I wish to make clear that this union cannot justify holding a strike gun at the head of its government in this hour of international crisis because the strike would not be a strike only against the airlines it also would be a strike against the American people and their security.

April 21, 1966

Section 160 of 45 USC 160:

FOR

Bob Fleming

FROM

Joe Califano

Here is the basic legal authority of the President in case you need it in your briefings. to a degree such as to deprive any section of the country

of essential transportation service, the Mediation Board shall notify the President, who may thereupon in his discretion create a board to investigate and report respecting such dispute."

Attach.

2. Last paragraph of 45 USC 160:

"After the creation of such board and for thirty days after such board has made its report to the President, no change, except by agreement, shall be made between parties to the controversy in the conditions out of which the dispute arose."

3. Excerpt from 45 USC 161:

"All provisions of Title I of this Act, except the provisions of Section III thereof, are extended to, and shall cover every common carrier by air engaged in interstate and foreign commerce."

MAY 7 1967
CENTRAL FILES

the recommendations by the Emergency Board.

Aug. +
Nothing else sent to
Central Files as of 7/21/67
WR

Operative language:

1. First sentence of 45 USC 160:

"If a dispute between a carrier and its employees be not adjusted under the foregoing provisions of this Act and should, in the judgment of the Mediation Board threatens substantially to interrupt interstate commerce to a degree such as to deprive any section of the country of essential transportation service, the Mediation Board shall notify the President, who may thereupon in his discretion create a board to investigate and report respecting such dispute."

2. Last paragraph of 45 USC 160:

"After the creation of such board and for thirty days after such board has made its report to the President, no change, except by agreement, shall be made between parties to the controversy in the conditions out of which the dispute arose."

3. Excerpt from 45 USC 181:

"All provisions of Title I of this Act, except the provisions of Section III thereof, are extended to and shall cover every common carrier by air engaged in interstate and foreign commerce."

Enactments:

1. **Original emergency board authority was established** on May 20, 1926 by Section X, 44 Stat 586. The President handed down its recommendations on June 5. The parties to the dispute understood from the very first day of the
2. **The Act was amended by Section 201 of the Act of April 10, 1936, to include airline (49 Stat 1189).** hearings held by the Board that the recommendations would be based upon the evidence submitted by the parties to the Board and on no other consideration. The Board made its recommendations based upon the evidence submitted by the parties. It was the responsibility of the Union and the carriers to present all the evidence available to them. The parties understood this.

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Aug +
Nothing else sent to
Central Files as of *4/21/67*

July 7, 1966

EXECUTIVE ⑨

PR 18

ND 19/CO 312

LAG Airlines

FG 105

PK

FG 440

MEMORANDUM FOR THE PRESIDENT

FROM: BILL MOYERS

INFO: BOB FLEMING

Mr. President, here is a summary of afternoon newspapers:

1. The morning strike of oil depot at Haiphong captured dominant positions in Washington Star. Article quotes U. S. spokesman in Saigon that "all bombs fell on target."
2. Bernard Gwertzman has page one STAR article headlines: "Peace Prospects Remain Dim Despite Official Optimism." It quotes "several state department officials" as cautioning reporters to avoid creating "a mood of anticipation" as the result of your remarks on Tuesday and Secretary Ball's yesterday. It reads: "U.S. officials warned today against reading too much into the latest spate of optimistic declarations on the war in Vietnam... Sources say there is absolutely nothing in the pipeline between Washington and Hanoi to suggest that any peace talks are in the works."
3. Prime Minister Harold Holt of Australia received significant press attention with his strong endorsement of U. S. Vietnam policies in a press conference today in London. STAR quotes Holt as accusing some unidentified western nations of "coasting" in their support of the American war effort. He warned the British: "don't be surprised if differences develop between us (on Vietnam)"
4. As expected, the threat of major airline strike continues to get major Washington attention -- particularly in the STAR. Quotes President of International Association of Machinists as saying: "I see nothing on the horizon to keep the strike from starting."
5. Senator Sam Ervin is quoted on page two of STAR of being highly critical of federal questionnaires that require workers to list creditors, types of indebtedness, property and financial interests and other personal data about themselves and their families. He said this constitutes "a colossal vote of no-confidence in the integrity of over 2.5 million citizens who work for the federal government."

David Lawrence

JAN 17 1967

CENTRAL FILES

Original of
Nothing else sent to
Central Files as of 1/21/67
W.H.

These questionnaires are the result of the President's standards of conduct executive order of last year and the Civil Service Commissions regulations of this year which implement the order.

6. Secretary Rusk said in Japan today that the U. S. will retaliate "with whatever means would be required" if Red China launches a nuclear attack against any of America's Asian allies.

7. Vice President Humphrey is quoted on page A-4 of STAR that there is evidence that Hanoi is Tiring of its Fight to conquer South Vietnam. Story out of Los Angeles quotes Humphrey as seeing "flickering bits of evidence" that would lead to optimistic conclusions about the current status of war effort.

8. STAR's lead editorial reads:

"It has been evident for some months that the war in Vietnam was not going to be lost on the battlefield. Our ability to hit and punish the enemy from the air has been abundantly demonstrated. On the ground, after large American forces had been thrown into the fight, the tide began to turn almost a year ago. It has been a long time since the enemy has won a major engagement. Nor have the Communists been able, at least not as yet, to mount the monsoon offensive which some observers fully expected.

"The big danger, the major threat to the successful conduct of the war, arose from the political turmoil in Saigon, Da Nang and Hue. Just a few weeks ago it seemed that the militant Buddhists, led by Thich Tri Quang, might be able to bring down the Ky government. And no one could foresee what such a political upheaval might do to the South Vietnamese will to carry on the war.

"Happily, this chink in the country's armor seems to have been successfully plugged up. Marshal Ky moved boldly and with determination to put down what amounted to open rebellion. The militant Buddhists and those they led into the streets were suppressed by loyal troops. And now, with the exception of Tri Quang, who still is continuing his protest fast, the Buddhist leaders are trying to come to terms with the government.

"The council of the Unified Buddhist Church, which claims some 2 million followers, announced on July 3 that it was calling off its

struggle for two weeks and appealed to the government to "show good will toward our religion." Ky responded the next day by ordering the release of 183 persons arrested during the Buddhist-led riots against the government. This has been followed by creation of an 80-member Army and People's Advisory Council to the government. This council includes 60 civilians and 20 representatives of the armed forces.

"These moves, according to the Chief of State, Lt. Gen. Nguyen Van Thieu, "are clear proofs of our will to promote democracy." If this is the case, and if the elections promised for September 11 are held, there is good reason to hope that the era of perpetual political crisis in Saigon is over.

"This prospect, incidentally, is undoubtedly one reason for the more optimistic mood, as expressed by the President and Undersecretary of State George Ball, which has taken hold in our own country."

9. David Lawrence also has a very good column in THE STAR. It reads, in part:

"The air is clearing on the Vietnam issue - both at home and abroad. This doesn't mean that the conflict will over right away, but the position of the United States is being defined so positively that the enemy must make up its mind soon that nothing is to be gained by prolonging the agony.

The same stage could have been reached earlier had not the Communists been misled into believing that internal criticism in this country and lack of support from some nations abroad would deter the American government and cause it to abandon its objectives in Southeast Asia.

"A feeling of optimism prevails here in official circles, where it is believed that within a relatively short time some of the numerous peace overtures will be fruitful and some kind of settlement will be consummated."

#

July 7
4 pm

FOR: THE PRESIDENT

From: Bill Moyers

Info: Bob Fleming

Mr. President, here is a summary of afternoon newspapers:

(1) The morning strike of oil depot at Haiphong captured dominant positions in ~~afternoon~~ Washington Star. Article quotes U.S. spokesman in Saigon that "all bombs fell on target."

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These questionnaires are the result of the President's standards of conduct executive order of last year and the Civil Service Commissions regulations of this year which implement the order.

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Silver Lining in Saigon

It has been evident for some months that the war in Viet Nam was not going to be lost on the battlefield. Our ability to hit and punish the enemy from the air has been abundantly demonstrated. On the ground, after large American forces had been thrown into the fight, the tide began to turn almost a year ago. It has been a long time since the enemy has won a major engagement. Nor have the Communists been able, at least not as yet, to mount the monsoon offensive which some observers fully expected.

" The big danger, the major threat to the successful conduct of the war, arose from the political turmoil in Saigon, Da Nang and Hue. Just a few weeks ago it seemed that the militant Buddhists, led by Thich Tri Quang, might be able to bring down the Ky government. And no one could foresee what such a political upheaval might do to the South Vietnamese will to carry on the war.

" Happily, this chink in the country's armor seems to have been successfully plugged up. Marshal Ky moved boldly and with determination to put down what amounted to open rebellion. The militant Buddhists and those they led into the streets were suppressed by loyal troops. And now, with the exception of Tri Quang, who still is continuing his

protest fast, the Buddhist leaders are trying to come to terms with the government.

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Patton

DAVID LAWRENCE

"Air Clears on Viet Nam Issue

The air is clearing on the Viet Nam issue—both at home and abroad. This doesn't mean that the conflict will be over right away, but the position of the United States is being defined so positively that the enemy must make up its mind soon that nothing is to be gained by prolonging the agony.

The same stage could have been reached earlier had not the Communists been misled into believing that internal criticism in this country and lack of support from some nations abroad would deter the American government and cause it to abandon its objectives in Southeast Asia.

President Johnson, in his impromptu words at the Tuesday news conference, made a better presentation of his case to the North Vietnamese than any envoy from a neutral country could have done. He said:

"We were very careful to select military targets that were not in the center of the area and to spare all civilians, and we took every precaution available to us. I cannot understand the thinking of any country or any people or any person that say that we should sit by with our hands tied behind us while these men bring their mortars and their hand grenades and their bombs into our barracks and kill our Marines and attack our camps and murder the village chief, and that we should not do anything about it.

"Now we have tried to make this difficult for them (the North Vietnamese) to continue at their present rate. We do not say it will stop the infiltration. We do not say that it will even reduce it. But we do

think it will make it more difficult for them, and we do think it will require them to assign additional people, and we do think that it will give them problems."

The President was telling the enemy, in effect, that there's no use keeping up the battle because the United States has unlimited resources and intends to maintain indefinitely its bombing of targets containing military supplies.

The President, moreover, took occasion to deal with some of the criticisms of American policy expressed inside allied countries. While he didn't mention Britain, his remarks may have been intended to refer to the situation faced by the government in London today. He said:

"Now it's difficult for me to understand the response of some nation that is not involved but a few years ago when their own security was at stake and they needed American men and they wanted us to furnish American troops to be—not to be understanding in what we are trying to do to help others maintain their independence now."

Within the last few days the American attitude of disappointment over British reaction has been penetrating public opinion in Britain. Some of the Labor members of Parliament who had been denouncing Prime Minister Wilson's policy and were about to make an issue of it suddenly switched to his side. It was immediately thereafter announced also that the prime minister would visit the United States for a talk with Johnson on July 28.

The conversion began as the London Daily Telegraph on June 30 outspokenly defended

the American position, as said in an editorial:

"If the measure of American air operations against the north has steadily increased until yesterday's climax, that is not only because the Communists' response to diplomacy has been wholly negative but because they have stepped up their own operations to the point where the massive deployment of American air power becomes a military necessity.

"The bombing of the fuel dumps near Hanoi and Haiphong is aimed against the increasing mobility of northern infiltration into South Viet Nam. It will not stop this altogether, but it may well have a crippling effect—just as the intensive tactical air strikes in the south have broken up the Communists' concentrations and forced them back to the earlier phase of guerrilla warfare. This dislocation of their text-book planning might ultimately prove to have been the decisive stroke. The military justification for yesterday's raids is clear. As for moral justification, the greatest care was taken to avoid populated places. To have left the oil dumps immune because they were near North Viet Nam's two major cities would have exposed the forces and people in the south to a greater danger by an enemy who shows no such tenderness about civilian casualties."

A feeling of optimism prevails here in official circles, where it is believed that within a relatively short time some of the numerous peace overtures will be fruitful and some kind of settlement will be consummated.

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EXECUTIVE

LAG/Airlines
FG160

July 1, 1966 - 4:35 p.m.

MEMORANDUM FOR JOE CALIFANO

SUBJECT: Airlines-IAM Dispute

Negotiations thus far making little progress.

Management standing firm on terms recommended by Messrs. Morse, Ginsburg, and Neustadt.

Union demanding more liberal terms on wages-vacations-overtime-premium holiday pay-cost of living escalation.

Reynolds has recessed negotiations until 11:00 a.m., Sunday, July 3rd. Has requested each side to review their respective positions Saturday and return to bargaining table prepared to conclude settlement.

Strike deadline is 6:00 a.m., Friday, July 8. Present prospects for settlement before deadline not good.

Siemiller, President, IAM, encouraging militant position -- is not helpful.

Jim Reynolds

RECEIVED
MAR 27 1967
CENTRAL FILES

Aug 8
Nothing else sent to
Central Files as of 4/21/67
LW