

## Arbitrator's Decision 06/15/1953 Interim Wage Review

IN ARBITRATION PROCEEDING PURSUANT TO PARAGRAPH NO. 4 OF AMENDMENT DATED MAY 27, 1952 TO PACIFIC COAST LONGSHORE AGREEMENT

In the Matter of Controversy

between

INTERNATIONAL LONGSHOREMEN'S AND WAREHOUSEMEN'S UNION,

Complainant

and

PACIFIC MARITIME ASSOCIATION,

Respondent

June 15, 1953

INTERIM WAGE REVIEW

OPINION AND DECISION OF PACIFIC MARITIME ARBITRATION.

Issued June 12, 1953

This interim wage arbitration is pursuant to an amendment to the Pacific Coast Longshore Agreement, Section 18, dated May 27, 1952, which provided that there shall be a wage review on June 15, 1953, at which basic straight on overtime wage rates and the welfare contributions shall be subject to review. (Exhibit 1) On May 12, 1953, the Union served written notice upon the Employers in which they asked for such a wage review (Joint Ex. 2) It was agreed between the parties that any award made would be effective as of 8:00 a.m. Monday, June 15, 1953. (Tr. p. 4).

It was further agreed that this arbitration decision shall amend the applicable provisions of the following agreements between the Union and the Employers:

Pacific Coast Longshore Agreement;

Pacific Coast Master Agreement for Clerks, Checkers, and related Classifications;

San Francisco Carloading Agreement;

Los Angeles Sweepers Agreement;

Los Angeles-Long Beach Harbor Carloading Agreement;

Portland & Vancouver Dock Agreement;

Portland Gear & Locker Agreement; and

Seattle Dock Workers Agreement (Tr. p. 5, Joint Exhibit 2)

Hearings before the Coast Arbitrator on the issues submitted were held June 4 and June 5, 1953.

ISSUES:

The proposals submitted to arbitration for decision are as follows:

Present Wage Union Proposal Employer Proposal

I. Wages, straight time \$2.10 per hr. 20 cent increase No change

Wages, overtime \$3.15 per hr. 30 cent increase No change

II. Welfare contribution Employees 1% Employers assume No change

of earning for 1% contribution.

Disability Would amount to

Insurance 2.8 cents per hour.

and General

Fund.

(Tr. pp. 5, 6)

DISCUSSION:

### Wages:

This arbitration is an interim wage review. It is important to note this fact. Because it is an interim wage review, the important question is: What has happened to the pertinent wage determining factors since the date that the current wage scale was set up, i.e., June 16, 1952, until the present? An interim wage review is limited in the scope of its investigation as to the time from which pertinent changes may be viewed. The parties to this arbitration have in the past accepted this limitation in interim wage review cases (Tr. pp. 125, 127).

But all pertinent wage determining factors are entitled to consideration. The parties have not agreed to limit the factors that should be considered. Nowhere in their Agreement or practice is there a limitation on which factors may be considered.

The weight to be given pertinent wage determining factors may vary from case to case. Some factors are considered more important than others, particularly in interim wage reviews. Changes in the cost of living are generally so considered. But absent a specific directive from the parties, the weights to be given the different factors considered must be related to each specific case.

Absent agreements which relate wages to a specific formula, such as escalator clauses, there is no precise mechanical method of weighing pertinent wage determining factors. In the final analysis all of the evidence must be viewed to the end of determining a reasonable and common sense finding based on such evidence.

### "Parity" With Maritime Unions:

According to the Union, July 1951 marks the starting point of certain "inequities" which have developed between the maritime unions and the longshoremen. (Tr. p. 12) This 1951 "inequity" continued into the 1952 wage settlements. The Union traced these "inequities" in their Exhibits 1 and 2.

From these Exhibits, the Union argues that it is entitled to "& the difference between what the marine unions obtained in their 1952 wage review and what we got." (Tr. p. 19) The Union figures this difference to amount to approximately 20 cents per hour.

The Employers do not concede that a theory of parity applies as between the marine unions and the longshoremen. The adoption of this theory would be an acceptance of the "me-tooism" which the Union has officially decried, argues the Employer (Employers Ex. 10, last page; Employers Ex. 1).

According to the Union, the "inequity" upon which they rely had its genesis in 1951. But, as pointed out by the Employers, the Union settled upon its 1952 wage scale with full cognizance of this "inequity". (Tr. p. 74).

The type of "parity" which the Union now seeks to establish, has not been the fact between maritime union and longshore wage scales. There has not been a direct relationship between the wage scales themselves. With commendable candidness the Union conceded that in other arbitration cases it has used changes in maritime union wage rates to indicate that increases were being granted "& but there is no history of regular and close relationship." (Tr. p. 12)

The use of changes in maritime union wages to indicate that increases are being granted is of course substantially different from arguing the existence of a direct relationship as to actual increases. With this important difference in mind, a factor developed concerning the 1952 wage scales which could be considered in this case.

In 1952 the longshoremen received a wage adjustment which exactly matched the "allowable" under Wage Stabilization Board regulations. However, the maritime unions' settlement in that year exceeded the "allowable" of W.S.B. And because W.S.B. regulations lapsed, the maritime unions actually received the excess of the "allowable." Thus, because of the existence of the W.S.B. regulations as they affected

the longshore wage rate, and because of the lapsing of W.S.B. regulations which permitted the maritime unions to obtain wages in excess of the allowables, it could be said that the longshoremen in 1952 were disadvantaged by approximately 2%. (tr. pp. 82-84, 117-118)

This situation is not apt to recur in the absence of government wage regulations again being promulgated. Such consideration as may be given this situation will not be on the basis of any principle of "parity", but rather on the basis of a non-recurring factor which it can reasonably be held to have affected the wage rates settled upon with the longshoremen in 1952.

#### "Parity" with East Coast Longshoremen:

The Union argues that weight should be given the comparison of longshore wage rates between the North Atlantic ports and the Pacific Coast. Union Exhibit 3 shows that with the exception of October 1934, October 1935 and June 1952, when the scales were the same, the East Coast straight time hourly rates have exceeded the Pacific Coast Rates. This differential has varied between 3 cents and hour to 21 cents per hour. Currently, the differential is 17 cents per hour, the result of an arbitration award. (20 L.R. 75)

The problem of developing a fair basis of comparability between the East Coast and Pacific Coast wage scales is complex. For example, the Union placed in the record five varying concepts of "parity" (Union Ex. 4, 5, 6). The Employers added two additional concepts of "parity" (Employers Ex. 2). The difficulty lies in the straight time work days on each coast. Overtime commences after six hours on the Pacific Coast; after eight hours on the East Coast. The so-called Fly Award of 1946 stated the problem succinctly:

"Because of differing basic work days the question of wage parity between the two Coasts is somewhat ambiguous and not subject to precise treatment."

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"A parity figure on wages can be obtained for any fixed schedule of hours within a day, if basic wage rates alone are considered. With each change in the period of hours, or other terms, the parity figure becomes more elusive." (Tr. pp. 86-87)

In all the circumstances, it is enough to note the current scale on the East Coast. But to attempt to apply a precise principle of parity is not possible with the present state of the record on this factor.

#### Wage Increases Granted Other Unions:

Under this subject, the Union introduces its Exhibit 7, which is a historical comparison of wage rates between longshoremen and San Francisco teamsters. The problem of differing straight time work days exists here as it did in the East Coast longshore comparisons.

The Employers countered with their Exhibit 4, which compares longshore rates advantageously as against steel workers' wage rates. It is not too clear how either Union Exhibit 7 or Employers' Exhibit 4 may be helpful in this case.

Union Exhibits 7, 8, 9, 10 and 11 list recent wage adjustments granted other unions since June 1952. The Employers point out that information as to the particular situation relating to each settlement is lacking. And without this information, the Employer claims it is difficult to properly evaluate this data. (Tr. pp. 94, 95)

Union Exhibit 11 shows the trend of wage settlements from March 24 to May 18, 1953. Increases on "none" to "11 cents and over" are listed. The median increase ranged from 8.2 cents per hour for the period March 24, April 6, 1953 to 10.1 cents for the period April 21, May 4, 1953.

The information relative to wage increases being granted in other industries is important primarily to indicate that wage increases are being granted in many instances. We are in a period when wage changes are taking place.

The Employers offered evidence that the earnings of longshoremen are generally higher than workers in other selected industries. (Employers Ex. 5, 6) Whatever a comparison of earnings may show for some purposes, it is a little direct aid in an arbitration which must set basic wage rates.

#### Relationship of Wages, Prices and Productivity:

The Union argues that national productivity should be considered in setting the wage rate. (Tr. p. 46, 145) (Union Ex. 12, 13) According to Union Ex. 14, the average annual rate of increase in national productivity from 1947-1951 has been 2.9%. The Union points out that some kind of recognition has been given to the continuing rise in productivity by including in wage agreements the so-called "annual improvement from 1 cent per year to 5 cents per year. (Tr. p. 51; Tr. pp. 99, 101) (Also see Union Ex. 15, 16)

Union Exhibit 17 traces wage settlements from 1948 through June 1952 between the Employers and the Union. The Exhibit shows the average annual rate of wage increase "due to other factors" than the change in the consumer price index. On such a basis, the Union finds that this average annual rate of increase due to "other factors" has been 3.7%. However, this "other factors" average resulted, it is difficult to conclude that it represents a conscious bargaining on the part of the parties for an "improvement factor" which is related to national productivity or any other productivity figure.

Actually, as already noted, where employers and unions have negotiated "improvement factors" they range from 1 cent per hour to 5 cents per hour. And the concept of "improvement factors" is almost always related to a stated wage formula which includes a cost of living escalator clause.

Relative to the subject of price changes, the Employers introduced Exhibit 14, a chart showing the course of wholesale and retail prices. The most recent indications mark an upturn in these indices.

Employers Exhibit 15 and 16 deal with changes in the cost of living. The change for the full year April 1952 to April 1953 is an increase of .07%.

#### Possible Decline in Work Opportunities:

The Union suggested that wages should be increased because of the possibility of a decline in work opportunities. (Tr. pp. 57-58 Union Ex. 18) how this factor could actually be weighed in this particular case, if at all, was not suggested.

In regard to this problem, the Employer introduced Exhibit 9 "Shipping Indicators". The Employers, though not claiming financial inability to pay, cautioned that the possibility of loss of work opportunities is present. And that under such circumstances a wage increase should not be granted.

#### Summary as to Wages:

Analyzing the record in this case, the following factors were offered by both parties for consideration:

An alleged "parity" with other maritime unions, which requires the adoption of the Union's wage proposal to correct claimed "inequities" based on such parity. The "parity" argument in this form cannot be accepted. The discussions, however, of maritime wage rates disclosed a disadvantage suffered by longshoremen because of the lapsing of W.S.B. regulations by approximately 2%.

It is proper to note the East Coast longshore actual wage rate and the highly complex problem of working out a fair and proper concept of "parity".

Wage increases granted other unions are entitled to consideration as indicating that at the present time and in a number of instances wage increases are being granted.

As to the "improvement factor" concept as related to national productivity, it may be noted that such "factors" have been valued from 1 cent to 5 cents an hour by other employers and unions. Such a "factor" has not been either negotiated, nor a value set upon it by the Union and Employers in this industry. And it must be conceded that ordinarily the adoption of an improvement factor" has been tied in with a cost of living escalator clause. Over the years some portion of wage increases agreed upon could be considered as designed to benefit an increase in the standard of living. But it cannot be said with accuracy that a specific sum was so earmarked on any annual basis by the parties to this arbitration.

The condition and prospects of the industry are a serious concern of both parties. Some consideration must be granted to this mutual concern.

The changes in prices and cost of living since a year ago have not been great. At the moment at least prices are on the upturn. Total cost of living has risen .07% since a year ago.

The Union has not made out a case for its proposal for a 20 cent per hour increase. Neither has the Employer made out a case that no increase in basic wage rates should be granted.

The specific amount of an increase which is justified by the record in this case, is not based exclusively on any single factor placed before the Arbitrator. In the discussion contained herein, the Arbitrator has indicated generally the weights and consideration that should be given to the various factors advanced by each of the parties in this particular case. The relative weights to be given these and other factors may vary in future cases between these parties. The nature of wage setting in a dynamic economy such as ours requires such an approach to this problem.

Considering the applicable factors which permit of statistical measurement, and those which do not, it is the opinion of the Coast Arbitrator that the changes that have occurred since the 1952 wage settlement would require a wage increase of 6 cents in the basic straight time wage rate.

The basic overtime wage rate is considered as time and one-half of the straight time rate. Therefore the basic overtime wage rate should be increased by 9 cents.

#### Welfare Fund Employee Contributions:

The employees contribute 1% of their earnings to disability insurance and the Welfare Fund. The 1% of earnings under \$3000 goes for disability insurance. The 1% earnings above \$3000 goes into the joint Welfare Fund. (Tr. p. 59)

The Union now proposes that the Employers take over the payment of this 1% presently contributed by the employees. This would equal 2.8 cents per man hour.

In support of its proposal the Union introduced its Exhibits 19 and 20. These tables indicated that most plans are entirely financed by employers. (Tr. p. 60) It was agreed, however, that plans labeled as "employer only contribution" provide in most cases that disability payments in California are paid for by the employees. (Tr. p. 147)

The important inquiry on this issue, as on wages, is: What change if any has taken place since June 1952 to justify a change in Welfare Fund contribution method?

Based upon the record made in this case, nothing has transpired since June 1952 which would justify adopting the Union's proposal on this issue.

DECISION:

Issue I. Wages:

Effective as of Monday, June 15, 1953, at 8:00 a.m. the basic straight time wage rate shall be increased by 6 cents an hour. The basic overtime rate shall be increased by 9 cents an hour.

Issue II. Welfare Fund Contributions:

The Union's proposal, in which it requested that the employee's present contribution of 1 % to the Welfare Fund be assumed by the Employers, is denied.

/s/ Sam Kagel, Coast Arbitrator