

AMERICAN AIRLINES, INC.

February 27, 1950

TO: All Maintenance, Operations, Stores, Stock Record Employees Covered By Contract TWU

FROM: Vice President - Operations Department and Maintenance and Operations Departments

SUBJECT: TWU Negotiations and Strike Notices

TWU has told us they are calling a strike of American expected 7:30 A. M.; EST; Wednesday, March 1, 1950.

Before the strike notice by TWU our Company made what we believe to be a very fair offer: If you are not familiar with the details, see the bulletin from the Personnel Director, dated February 25, 1950, Subject: Status of Mediation -TWU-CIO Maintenance and Stores Agreements. TWU is, apparently, still not satisfied with this offer. There appears to remain two outstanding demands:

A further wage increase  
A provision against contracting out work

"IS A WAGE INCREASE JUSTIFIED?"

"We believe not!"

"Why not?"

"Let's put it this way".

ON THE BASIS OF COSTLY LIVING

On the basis of what the rest of industry is doing.  
On the basis of our own circumstances and past adjustments.

You have read about first, second, third and fourth round wage increases since the War. We gave 8¢ across-the-board last year -- round four. This was 4¢ more than the cost of living increase at that time. Since that time cost of living has gone down.

Eight cents last year was our 4th round. We have been one step ahead of other industries. Since that time, Steel, Ford and most other companies have given no rate increases. Pension and Insurance Benefits are the common settlements. TWU dropped this demand because our Pension Benefits are already higher than Ford's and Steel's and not tied to U. S. Social Security. All in all, since 1946, we have given increases totaling 62¢ per hour, an average of 63%. Since 1946 to the end of 1949, the cost of living difference is 28% and it has been going down since the end of 1948.

We made money in 1949. But in the last three years we lost just over \$7,000,000.00 after tax carry back. American did not cut wages during these three years. We increased our wage rates considerably because our employees were affected by the increasing living costs. During this time we paid no dividend to our common stock holders. We have not earned enough to do it yet.



