

New York, 2 August 1954

To: The Directors            Confidential

There is a growing public conviction that the strike by the pilots' union is, in effect, a challenge to the courts and to the responsible agencies of government.

The nonstop services were and are specifically authorized by the Civil Aeronautics Board, with the concurrence of the Civil Aeronautics Administration. The United States Circuit Court of Appeals, New York, refused the petition of the pilots' association that it order a stay of the decision by the Board.

The National Mediation Board suggested arbitration. The pilots' association curtly told the Board that its suggestion was "in our opinion, inappropriate and impractical". The company said that it was willing to arbitrate its legal right under the contract with the pilots' association to operate the nonstop flights.

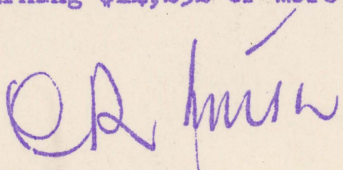
There was nothing about safety to be arbitrated, for that had been decided by the Civil Aeronautics Board. There were no economic issues to be arbitrated for the reason that the pilots' association had advanced no economic demands, directly.

In the background there may be many economic demands. Some of the union members have discussed with another airline, informally they said, reducing the number of round trip flights from five to four but paying the pilots for five. That would reduce the on-duty time from 10 days a month to 8; increase off-duty time from 20 days to 22 days.

We have a contract with the pilots' association which runs until January 31, 1955. The intent of the contract is that it cannot be opened for re-negotiation, without the consent of the parties. It is usual to begin negotiations about 60 days in advance, which in this case would be about December 1. The pilots' association would like us to advance that date, in order that it can sooner present its demands. And I presume that it would want some of them to be retro-active. Our position is that the contract stands on its own terms.

With the authorization of the nonstop flights by CAB the contract between American and the pilots clearly permits the operation of the flights. The union is clearly in violation of its contract. We intend to file suit against the union and its President during this week.

An interesting figure: There are 16,726 people working with American. 500 of these 16,726 earn \$14,232 or more on an annual basis. Of the 500, 427 are line pilots, leaving 73 other than pilots in all other sections of the company. 85% of all employees earning \$14,232 or more are line pilots.

  
C. R. Smith

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