Changes in airline industry behind Northwest pilots strike

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1 September 1998

More than 6,000 pilots are walking the picket line in the fourth day of a strike against Northwest Airlines (NWA). New negotiations have not been scheduled in the dispute which has grounded 1,700 daily flights in the US, Europe and Asia. NWA management appears ready to accept the loss of $27 million a day and sustain a long strike, rather than make the slightest retreat from the slashing of labor costs, which has been the regimen of the airline and the industry as a whole over the last two decades.

NWA pilots have been without a contract for more than two years. The walkout began Saturday morning after federally-mediated talks in the US failed to resolve the issues, despite the willingness of the Air Line Pilots Association (ALPA) to make additional concessions to avert a strike. According to Steve Zoller, the chairman of ALPA's Master Executive Council at Northwest Airlines, before the strike deadline the union gave ground on wage demands and the outsourcing of jobs, but management did not respond and allowed the clock to run out.

There are number of key issues in dispute. NWA is seeking to use an unlimited number of jets with lower paid crews from its regional carriers, Mesaba and Express Airlines I, to cut costs and eliminate higher-paid pilots' jobs. ALPA estimates that the company's proposal would increase the number of regional jets to 100. The union's counter-proposal--to allow 66 jets immediately, and the additional 30 when the company grows, as long as no current NWA pilot loses his job--was rejected by management.

In addition, despite record profits for the last four years, the airline is proposing a pay package that fails to make up for past concessions made when the company faced financial difficulties in 1993. The company's proposal for a 3 percent raise for the first year, and 2 percent for each of the remaining three years, would leave NWA pilots well behind pilots at other airlines.

NWA is also adamant about maintaining a two-tier wage structure which allows it to pay newly hired pilots a B-Scale of $25,000 a year, as opposed to an average $120,000 a year for senior pilots. ALPA has called for the removal of B-Scale pay, but NWA wants to retain it until a pilot reaches his fourth year, leaving Northwest pilots with the worst two-tier wage scale in the industry.

The strike is being closely watched by NWA's domestic and international competitors, as well as by Wall Street investors. The boom in airline profits over the last number of years has been largely sustained through the extraction of wage and benefit concessions from workers, the elimination of tens of thousands of jobs and an increase in productivity, which for pilots has included longer hours in the cockpit.

Deregulation of the airline industry

The assault on American airline workers' conditions began in 1978 when the Democratic administration of President Jimmy Carter deregulated the industry by lifting government control of routes, air fare structures and minimal collective bargain protections for airline workers. The legislation was written and pushed through Congress by the leading Senate liberal, Democrat Edward Kennedy.

Deregulation unleashed cutthroat competition where each airline was compelled to carry out cost-cutting measures, with the specter of bankruptcy or takeover if they failed. The airlines were loaded up with huge corporate debts to finance expansion. Bankers demanding vast interest payments used corporate hatchetmen like Frank Lorenzo, Frank Borman and Carl Icahn to carry through their agenda.

The unleashing of 'free market' competition led to the bankruptcy of nine major and 100 smaller carriers, including Braniff, Pan American and Eastern, and the layoff of tens of thousands of airline workers. Company after company demanded sweeping wage and benefit concessions and greater productivity.

To batter down the resistance from the workers, the airline bosses, fully backed by both Democratic and Republican politicians, launched a campaign of union busting across the industry. This began with the Reagan administration's firing of 13,000 air traffic controllers who went on strike in 1981. The workers, members of the Professional Air Traffic Controllers Organization (PATCO), struck against the Federal Aviation Administration's demands for increased productivity and the elimination of jobs. They also demanded more modern equipment.

President Reagan, using plans drawn up under the Carter administration, launched a massive strikebreaking operation, which included using US military controllers, the jailing of PATCO officials, and legal destruction of the union. The government and the airline companies were willing to endanger the flying public to set a precedent for corporate America as a whole, and the airline industry in particular.

The response of ALPA, the other airline unions, and the AFL-CIO was to isolate the PATCO and allow the defeat of the strike. ALPA President J. J. O'Donnell ordered pilots to cross the PATCO picket lines, as did the head of the machinists' union, William Winpisinger. O'Donnell later got a position in the Reagan administration's Labor Department. However, he was not unique. Taken as a whole, the AFL-CIO officials accepted as legitimate the companies' cost-cutting demands and they saw the defeat of the PATCO strike as an object lesson to militant workers who might resist concessions.

Only four days before the PATCO strike, ALPA signed the first major concessions contract in the industry, granting United Air Lines more than $75 million in the form of additional cockpit working time, cuts in crew sizes, and other givebacks.

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In 1983 Continental Airlines, with the approval of the Reagan administration, used the bankruptcy courts to nullify its existing union contracts. This provoked a bitter two-year strike, which was isolated again and resulted in the decertification of the unions, including ALPA in 1985.

The same year, United Airlines, having recovered high-profit margins came back to the unions to demand more concessions. This forced a 29-day strike. ALPA officials capitulated to the company's demands, including the introduction of a two-tier wage scale that lowered new hires' wages by 40 percent for five years. At the time, *BusinessWeek* magazine described the agreement as 'the first step toward a significant restructuring of union wages and work rules in the deregulated airline industry.'

In 1989, the machinists union at Eastern went on strike against the concessions demanded by CEO Frank Lorenzo. ALPA, International Association of Machinists and the Transport Workers Union responded by offering $200 million in concessions, more than the $150 million demanded by Frank Lorenzo, to any other investor who would take over the airline and 'work with the unions.' After the schemes of various speculators collapsed, and ALPA officials began sending pilots across the IAM picket lines, the strike dragged on until Eastern filed for bankruptcy and all the strikers lost their jobs.

In the midst of betrayal at Eastern, ALPA pushed through a so-called workers buy-out at United Airlines. ALPA forced pilots to give up $250 million a year in concessions in exchange for obtaining three seats on the company's board of directors. The concessions included immediate pay cuts of 10 percent, an increase in flight hours from 80 to 85 per month, cut back in vacation days, increased out-of-pocket medical expenses, and a no-strike clause. Afterwards the ALPA leaders ordered workers to end all protests against management abuse, saying, 'Employee ownership means cooperation and employee-management peace.'

Similarly, in 1993 the ALPA leaders, along with the other unions at Northwest, got seats on the board of directors in exchange for $900 million in concessions.

Failed union outlook

In the current strike, NWA pilots are confronting the results of the failed policies of the union leadership over more than two decades. The outlook of the union officials is that the interests of airline employees and the corporate owners are the same, and that it is the duty of the union to do whatever is necessary to make the corporation profitable.

Summing up the union's role, ALPA International President Randolph Babbitt testified before Congress last year, 'When airlines faltered in the competitive struggle triggered by deregulation, they turned first to their employees for financial relief. Time and time again, employees, usually led by pilots, gave relief. In other words, we played a central role in helping our carriers in their efforts, not always successful, to adapt to a new economic regime.'

Thus the strategy of the union officials has been to facilitate the emergence of a handful of highly profitable corporate giants out of the ruins of airline deregulation. But the concessions they claimed were necessary to make these companies 'competitive' and profitable have turned out not to be temporary. In order to attract the vast sums of capital required for airline operations, each of these companies must prove to its global investors that it can keep the lid on workers' demands and guarantee the highest returns.

Moreover, the ruthless competition unleashed by deregulation is now extended on a global scale as companies like NWA, KLM Royal Dutch, British Airways and American establish global partnerships to pit one section of pilots against another in a bidding war to see who will work for the lowest wages and the worst conditions. In the past six months pilots at Air France and Philippine Airlines have engaged in bitter strikes, and pilots at Air Canada face a midnight strike deadline tonight.

It is only possible to defend pilots' jobs and living standards on the basis of a struggle that unites airline workers throughout the globe against the profit system. The airline industry, which plays such a crucial role in modern society, cannot be left in the hands of billionaire investors who willingly sacrifice the well-being of passengers and airline employs in pursuit of ever greater profits. Instead the airline industry must be nationalized and run as a public utility to guarantee high-quality, safe and affordable air travel.

Workers need to build a political movement to fight for this. The ALPA leaders claim that Clinton's decision not to intervene thus far is a vindication of their support for the Democrats. This is not only tremendously shortsighted--given that White House officials announced yesterday that if the strike lasts until Labor Day Clinton may consider taking action like he did last year to break the American Airlines strike--but it also distorts the Democrats' role over the last two decades in attacking airline workers in tandem with the Republicans. Moreover, the Clinton administration's Department of Transportation is currently drafting new guidelines that will give low-cost, nonunion airlines greater opportunities to compete for routes with the unionized carriers.

The striking pilots and the other workers involved in this struggle--tens of thousands of members of the Machinists and Teamsters, as well as other, nonunion workers--must draw the lessons of two decades of bitter struggles in the airline industry. The experience since deregulation underscores the need for airline workers to adopt a socialist and internationalist perspective.

See Also:
Airline pilots strike Northwest
[30 August 1998]
Pact rejected by wide margin
Northwest machinists vote down tentative contract
[6 August 1998]
Soaring profits, stagnant pay fuel workers' anger in US airline industry
[9 June 1998]

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