

Pilots union submits to company, presidential pressure

Northwest agreement abandons wage increases

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The Air Line Pilots Association and Northwest Airlines agreed to a tentative settlement Thursday to end a 13-day strike by 6,200 pilots. The settlement, which was announced on the White House lawn by President Clinton, followed intense government pressure on the pilots union to end the strike and submit to management's demand to limit wage increases.

ALPA's 17-member Master Executive Council is expected to ratify the agreement Saturday and bypass a general membership vote. NWA, which had been losing \$15 million a day, announced that it would restore full service in nine days.

When pilots struck the nation's fourth largest carrier August 28 they were seeking wage improvements to compensate for the concessions they made in 1993 when the company faced financial difficulties. NWA has recorded four straight years of record profits but had refused to sign a contract with the pilots or its four other unions.

In the agreement, the pilots union reportedly retreated from its demand for a 14 percent increase over the next three years. Instead it accepted a proposal by Transportation Secretary Rodney Slater and Deputy White House Counsel Bruce Lindsey, who had been sent by Clinton to oversee the talks, to include stock options and profit sharing as part of the overall compensation package. NWA management had been adamant that it would only offer 9 percent over four years, thereby setting a pattern for the other unions.

No information has been revealed about how the new agreement will address the other concerns of pilots, including two-tier wage levels, increased outsourcing to subsidiary regional airlines with lower paid crews, and job security concerns flowing from NWA domestic and

international alliances.

In 1993 ALPA, along with the other unions at Northwest, accepted \$900 million in concessions in exchange for seats on the corporation's board of directors. Rather than recouping these losses, ALPA has now tied wage levels to the airline's future profitability. This takes place under signs of a growing downturn in the economy, including falling demand in the airline's key Asian markets, and the coming restructuring and consolidation of the industry due to overcapacity.

Over the last year, the value of NWA shares has fallen by 50 percent. The agreement not only makes pilots' future earnings dependent on the unstable stock market, but will also compel pilots to accept further productivity and cost-cutting concessions to boost profits.

This is underscored by the comments of Minnesota Congressman Jim Obestar, the senior Democrat on the House Transportation and Infrastructure Committee who followed the talks closely. He said Northwest had misrepresented the pilots' position as a demand for 'industry-leading wages.' Instead, he said, ALPA sought a contract 'that would make Northwest an industry-leading performer ... a combination of incentives and encouragement of workers to perform at the highest level as they did after the pay cut agreement' of 1993.

The airline took a loss of \$300 million to hold the line against the pilots and to set a precedent for further negotiations with its five other unions. The company's largest union, the International Association of Machinists, which represents 27,000 ground workers, has asked the National Mediation Board for permission to set a strike deadline. After 22 months of bargaining

the IAM produced an agreement last June which was soundly rejected by the rank and file. During membership meetings in July IAM officials were physically attacked by workers who accused them of selling out to management.

NWA management has told the mediation board that it cannot conduct meaningful contract talks while the IAM is facing a representation election with a rival union, the Aircraft Mechanics Fraternal Association, a small craft union which has sought to exploit the growing disgust with the IAM.

In related developments, Air Canada and the ALPA-affiliated union representing its 2,100 striking pilots also reached a tentative agreement Thursday evening. No details of the agreement are to be released until a ratification vote is completed early Monday morning. But statements by both company and Air Canada Pilots Association spokesmen indicate that the pilots' leadership bowed to management's insistence that the new contract must bolster Air Canada's competitive position.

Canada's largest airline had balked at granting the pilots' wage demands out of fear of setting a precedent for upcoming negotiations with flight attendants, mechanics and ticket agents.

'I would think the financial community and investors will be comfortable that we've made a good business decision,' said Air Canada spokeswoman, Ms. LeBlanc. 'It's an agreement that allows Air Canada to continue to grow, and most of all to remain competitive in the country and in the global market.'

For his part, ACPA President Jean-Marc Bélanger said the settlement constituted a 'new partnership' that would make 'our airline' stronger. 'Both sides made compromises to solve problems in an innovative way.' The ACPA president all but repudiated the strike, signaling that the pilots' leadership may refuse to support job action by other Air Canada workers. 'The strike was not worth it,' he declared. 'No strike is worth it.'

In the early 1990s, when newly privatized Air Canada was facing substantial losses, the pilots and other Air Canada workers accepted wage rollbacks and other concessions. Previous to yesterday's agreement, Air Canada pilots were earning about 60 percent of the salary of their US counterparts. They also were putting in more flying hours per month than the US industry

average.

Launched September 2, the pilots' strike forced Air Canada to cancel all its flights and incur massive pre-tax financial losses of upwards of \$150 million.

Company spokesmen say the 9,500 workers laid off during the strike will be recalled as needed, but all should be back on the job and the airline fully operational by the middle of next week.

In one other airline industry development, the Philippine Airlines Employees Association, the airline's largest union, agreed to suspend its collective bargaining agreement with management for 10 years in exchange for gaining a 20 percent share of ownership of the ailing company. In June pilots waged a bitter 22-day strike against PAL and were terminated when they defied a government back-to-work order.

See Also:

The Northwest, Air Canada strikes and the globalization of the airline industry
[4 September 1998]



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