Strike deadline approaches at US Airways

Airline threatens to shut down operations

Paul Scherrer
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Thousands of flight attendants are taking part in informational pickets and candlelight vigils at airports along the US East Coast as the expiration of a 30-day cooling-off period in the contract dispute between the Association of Flight Attendants (AFA) and US Airways approaches at 12:01 a.m. Saturday, March 25. A federal mediator has conducted talks between the company and union since last Friday, March 17.

More than 10,000 flight attendants at the nation's sixth largest airline have been working without a new contract for three years. Under a plan dubbed CHAOS (Create Havoc Around Our System), the union is expected to randomly launch strikes on the company's busiest routes when the deadline expires.

US Airways Chairman Stephen Wolf and President Rakesh Gangwal have stated that they will shut down the entire airline rather than face the random strikes. In 1992, when Wolf ran United Airlines, he fired all 5,000 fleet service workers at the airline's food facilities rather than accept union demands for higher wages and better benefits.

During the recession of the early 1990s, when US Air was facing bankruptcy, flight attendants along with the other unions granted major concessions to the company. Flight attendants have not had a pay raise since 1996. Currently a newly hired flight attendant makes about $17,000 a year. It takes 14 years to earn top pay of just under $37,000.

In addition to wages 15 other contract issues remain unresolved, including retirement, benefits, vacation, scheduling and job protection . Also in dispute is the way in which the airline implements the Federal Medical Leave Act. In the three years of negotiating a contract, US Airways has never presented the union with a written proposal.

In February the National Mediation Board, which overseas negotiations between unions and the airline industry under the Railway Labor Act, declared an impasse and started a 30-day cooling-off period.

In case of a shutdown, the company has stated it will continue paying all of its 35,000 workers except for the flight attendants. However, the airline has maintained an escape clause saying that it would only continue paying non-flight attendants as long as it is "financially feasible."

Union officials with the AFA say that the threatened shutdown is a ploy to pit other airline workers against the flight attendants. The company recently reached contracts with it pilots, mechanics, ramp workers, reservations agents and, last week, with its flight-simulator engineers.

US Airways carries one third of all passengers in the Northeast. At its two major hubs in Pittsburgh, Pennsylvania and Charlotte, North Carolina, US Airways accounts for nearly 90 percent of the passage traffic. Altogether, US Airways planes fly 4,780 times a day out of 250 cities in North America and 7 Europe cities.

In the past five years the airline has returned to profitability and its top executives have received pay raises and bonuses up to 500 percent. CEO Stephen Wolf, for example, made $35 million in 1998, most of it in stock awards and options. US Airways has amassed a $870 million war chest in preparation for a shutdown and has established a $500 million line of credit.

Estimates differ on what a shutdown would cost the airline, but range anywhere from $15 million to $20 million a day. Some union officials accuse Wolf of trying to drive the airline into bankruptcy so that it could be sold to another carrier.

The airline has among the highest costs in the industry. Its cost per seat mile—the airline standard for measuring costs—was 12.9 cents in 1999 compared with 8.89 for Delta and 7.48 for Southwest Airlines. The airline says cutting labor costs is crucial to compete against lower-cost rivals.

The airline is facing stiff competition in is core markets over the next several years. Both Delta and Continental airlines have announced that they will expand service to New York's LaGuardia Airport, as have discount carriers such as Southwest. Last year, Southwest accounted for 70 percent of additional air service on the East Coast. The new startup airline JetBlue and other regional companies are offering discounted service in the Northeast, cutting into US Airways' core area.