$45 million fine against pilots union upheld by US Supreme Court

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The US Supreme Court on Monday upheld a lower court's ruling that a pilots union and two of its officers must pay $45.5 million in compensatory damages to American Airlines for refusing to halt a sick-out in 1999. The fine against the Allied Pilots Association (APA) is one of the largest in US labor history and threatens to bankrupt the union.

The high court declined to hear the case, which stems from a 10-day job action by thousands of American pilots against contract violations and the outsourcing of jobs to America's low-cost affiliate Reno Air. The sick-out, which began on February 6, 1999, quickly got out of control of the APA leadership and crippled the country's second-largest airline, forcing American to cancel 6,000 flights. In the course of the job action, rank-and-file pilots defied a back-to-work order from US District Judge Elton "Joe" Kendall.

The Supreme Court justices, who ruled without comment or dissent, refused to hear arguments by the union and its two officers, former APA President Richard LaVoy and Vice President Brian Mayhew, that Kendall had not given them adequate opportunity to defend themselves. The union took the case to the Supreme Court after a federal appeals court upheld Kendall's ruling.

Kendall levied the massive fines in February 1999, less than 48 hours after the airline filed suit against the union. In his ruling Kendall showed no restraint in his class hostility towards the pilots and sympathy with corporate management, saying that the union had been taken over by a "radical element" that was determined to "drive American into the side of a mountain."

Infuriated by the refusal of hundreds of pilots to comply with his order to return to work, Kendall railed against the pilots and suggested at one point that the union was engaged in a criminal conspiracy akin to a Mafia extortion ring.

At the time Kendall, a former Dallas police officer, said, "No one can make someone else go fly an airplane. Particularly if someone is dishonest and willing to lie and say they are sick when they really aren'tÉ. But what a federal judge can do, and what I will do, is make people pay for what they break. So if the activity and consequent damages continue, when all the dust clears, all the assets of the union, including their strike war chest will be capable of being safely stored in the overhead bin of a Piper Cub."

The judge continued: "It is this Court's view that a minor labor dispute has been transformed into nothing more than a shakedown. Even though it may indeed be more economical for American to cave in and pay, in the long run, if you pay extortion today, you typically have to pay it tomorrow."

In holding the union in contempt, Kendall encouraged the union membership to "remember this fiasco the next time they have union elections."

The job action was sparked by American's repeated efforts to undermine pilots' job security and wage levels. American's $12.1 billion parent company, AMR, has spearheaded the efforts of US carriers to dismantle the so-called Scope Clause that limits the use of lower-paid pilots when a company acquires another airline or shares routes with an international carrier.

According to its agreement with the APA, American was required to merge new pilots into the current seniority list and upgrade their wage and benefit package when it acquired a new airline. Instead the airline declared it would take nearly two years to bring pilots from recently acquired Reno Air, who earned half the wages of American pilots, up to normal pay scale. In February 1997 American pilots struck over long-standing disputes, but were ordered back to work

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by President Clinton within five minutes of their walkout.

American Airlines agreed to forgive the fine as part of a new contract agreement with the APA last fall, but the contract proposal was rejected by the union membership in September.

The action by the Supreme Court is aimed at intimidating airline workers and other sections of the working class that are coming into struggles. Pilots, mechanics and flight attendants at United, American, Delta, Northwest and other airlines are currently pressing for improved wages and benefits against airline management, who have refused to sign contracts with substantial improvements years after the old agreements have expired. Airline workers, who gave up major concessions during the economic downturn of the early 1990s, are eager to recoup their losses after nearly a decade of record profits for the airlines.

Last month President Bush intervened to block a possible strike by Northwest mechanics on March 13. A spokesman cited the president's concerns that such a walkout would disrupt the economy. Bush's decision reversed a National Mediation Board (NMB) ruling that would have allowed union members to walk off the job March 13 if no agreement had been reached, and extends the legally required “cooling-off” period for another 60 days, forcing workers to remain on the job through at least mid-May.

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