



Michael Kupperman

The Trouble With Airlines

By Richard Freeman

DO airline strikes threaten to ruin America's summer vacation? Mechanics at United and flight attendants at American are wrangling over labor contracts. Delta pilots will be legally able to strike — under the Railway Labor Act, the arcane federal law that controls airline labor issues — at the end of April. More than 1,300 pilots are already on strike at Comair, Delta's regional commuter airline. And in March President Bush appointed a presidential emergency board to help avert a strike by mechanics at Northwest.

The threat of airline strikes seems to loom every year for anxious travelers, but there were actually just six in the 1990's, and they declined decade by decade to that low: 47 in the 50's, 36 in the 60's, 43 in the 70's, 17 in the 80's. In fact, 97 percent of airline labor disputes are resolved without strike action.

But this does not mean the airlines have good labor relations. In fact, the industry's very structure and the disagreement between labor and management about who runs the enterprise create persistent tensions — even when the employees own the airline, as is the case with United. Some time ago, I spoke with an airline executive who compared pilots with bus drivers, the difference being that pilots don't have to deal with the stresses of traffic. Many pilots, for their part, see management as extraneous and themselves as indispensable.

Richard Freeman is a professor of economics at Harvard.

Currently, employees who made wage concessions in the early 90's, when airlines were in financial difficulty, want to recover their losses. Record industry profits in the past two years, full flights and pilot shortages give unions power to win sizable increases in wages. In this context, some union leaders interpreted President Bush's promise to prevent strikes at major carriers this year as a heavy-handed effort to help management keep wages down and unions on the defensive.

Beginning with the Nixon administration, the federal government has

Why the weather is always bad for labor relations.

tried to avoid intervening in airline labor relations. But Bill Clinton broke this tradition when he invoked emergency dispute proceedings to stop the 1997 strike of American Airlines pilots minutes after it began.

In recent years, the airlines have become a bellwether industry for labor relations, even though few others are subject to this level of government intervention. The vast majority of airline employees are union members, compared with fewer than 10 percent of employees in other private sector industries. Developments in the airlines in the 1980's defined the labor climate in that decade. President Ronald Reagan's 1981 victory over the Patco union in the illegal air traffic controllers' strike emboldened management's opposition to unions. And

unions adopted many of the strategies that were developed in the battle with Frank Lorenzo over control of Eastern Airlines.

A key reason for labor tension with pilots is the fact that seniority plays so large a role in determining the type of aircraft and the routes pilots fly. If a senior pilot loses his job, he would have to start out on the least desirable route on some other carrier — a situation that makes the pilot highly sensitive to and critical of management decisions about routes and mergers. At the same time, employees have considerable power to exercise without striking. When employees refuse to work overtime, as did the mechanics at United last fall, they can bring about crippling flight delays and cancellations. A pilot sickout in 1999 cost American an estimated \$250 million and produced a court judgment against the union of some \$40 million.

Federal law makes it unlikely that planes will be grounded by strikes. But the Railway Labor Act does too little to prevent labor disputes, and by creating a process that allows them to drag on for months and years, it actually contributes to poor labor relations. To ensure better airline service, the administration should consider doing more than stepping in on the eve of strikes. It should bring airline executives and unions together to find ways to reduce the perennial conflict. Bad weather will always be with us. Bad labor relations can be improved. □