

An American Solution

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The dramatic countdown to a pilot strike at American Airlines two months ago, delayed by government intervention, was peacefully resolved yesterday when the pilots' union ratified a settlement agreement.

There had been every reason to believe that a tumultuous strike would occur perhaps affecting one and a half million vacation and business travelers per week because of the deep divisions on the issues in dispute and even an increased divergence of positions during bargaining.

The process of resolution used is illustrative of how the most intractable of conflicts can be resolved by the tenacity, strategy and creative leverage brought to bear by would be peacemakers. It also exemplifies the useful role of government in exercising limited power to bring about a successful result which the private parties could not achieve on their own.

The underlying dispute centered around pilot compensation and the introduction of the new small passenger jet aircraft (under 70 seats). American sought to keep compensation stable and to give the new jet flying to its low cost (but unionized) regional subsidiary, in recognition of the industry's historic low rate of return, sharp cyclical down turns, and the disparity between pilot and other American employee compensation. On the other side, the pilots wanted a piece of the huge recent profits at American and wished to enhance job security by obtaining the exclusive right to fly the new jets.

At one end of the substantive dispute was a pilots' union which had successfully hitched itself to the enormous expansion of American in the 70's and 80's, but which was perceived by many younger pilots as not sufficiently aggressive. On the other side was an airline that operated as an aggressive, innovative industry leader and highly resistant to impediments to its flexibility.

Despite these odds, the parties did reach a tentative agreement at the bargaining table in August 1996, but it failed ratification in November 1996. Its union leaders' credibility was thus undermined by the lack of membership support. Also, APA negotiators had some severe self imposed handicaps- strong dissident movement with it's own effective communication links to pilots and a high level of mistrust among the leadership. One rule had it that no representative of APA could even speak with management without another APA representative being present. The table was set for the kind of vitriolic confrontation on the order of Northwest's three pilot

strikes in the 1970's, the 1985 United strike which led to great strife over eight years, and the Eastern Airlines strike which led to that airline's demise.

Enter the Railway Labor Act (RLA), which governs labor relations in the airline and railroad industries, and forces the parties through a series of locks and channels designed to narrow the number and nature of differences and to push the parties toward settlement. In the American dispute the parties negotiated, mediated under the auspices of the National Mediation Board, were released from mediation (the timing of which is critical and subject to the Board's total discretion), entered into a thirty day cooling-off period, and were the subject of a Presidential Emergency Board (thirty days of study and recommendations by a Presidentially appointed panel) and another final thirty day cooling-off period: all of these processes were used effectively.

The Emergency Board process has constructively resolved many nearly intractable problems, such as the obsolescence of firemen when diesel trains were introduced in the 1950's, the "professionalization" of flight engineers when two-pilot cockpits were introduced in the 1960's, and the elimination of the need for railroad brakemen and switchmen as a result of automation in the 1980's and 1990's. These disputes had "soft landings," much to the benefit of the workers affected and could only have resulted from the process of third party examination such as Emergency Boards facilitated by the RLA. But despite these successes Emergency Boards have an important flaw; the anticipation of their participation tends to encourage the parties to posture in anticipation of a board being created rather than focusing on bargaining and on reaching a voluntary agreement. The reason for this is, facing no alternative but a strike the parties will make the compromises needed to settle. If Emergency Boards were to become common it could lead to the expectation that they would be created and thus discourage voluntary agreements prior to showdowns. Thus, hopefully, future Emergency Boards will be a rarity as they have been for the last 30 years. But the other side of this coin is that the pilots' unions have enormous power and if they seek to push a carrier over the brink, an Emergency Board can help guide the parties to a safe landing, as exhibited in the American Airlines dispute.

Perhaps the key to resolution at AA was the decision of the Emergency Board to make recommendations which almost precisely matched the Mediation Board Chairman's final compromise proposal just prior to the midnight appointment of the Emergency Board. This communicated to the parties and to future airline disputants that dragging the process to the next level was not going to win them a better result from outside authorities. The public was enlisted in this "fair" result, especially after being exposed to pilot compensation rates, and the American mechanics and flight attendants who earn on average fifty to eighty percent less than the pilots became antagonistic towards their brother unionists' threat to shut down the airline demanding yet more, much of the wind was taken out of the pilots' sails. Perhaps most importantly, if

Congress were to intervene in the dispute it would have a tailor-made resolution to impose on the parties: The Emergency Board report. Since the AFL-CIO proved no help to the non-AFL APA in their efforts to avoid an emergency board in the first place, why should they help at the congressional level to avoid congressional intervention? On the other side of this power game, carriers have appeared to be willing and able to use their influence in Washington to deal with labor relations issues. Fed-Ex last year held up a congressional recess for 2 days before succeeding in getting a change in jurisdictional language in a transportation bill. The parties were thus put in a position to settle. In the end, American Airlines was required to improve upon the Emergency Board report to reach an agreement in light of the pilots' rejection of the neutrals' recommendations, and their ultimate power to shut down the airline.

This dispute is not unlike other deep and abiding conflicts. It shows that focused timely mediation and exposure of the issues to the light of day can diffuse a conflict, and that credible neutral analysis and assistance can persuade unbending protagonists. Government intervention here was relatively minimal, and was proportional to the nature and importance of the dispute and the potential impact on the public. Yet it played the key role in informing and bringing to bear the weight of public opinion and nudging the parties to a fair peace—a most appropriate and successful role.

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