

Ear to the Past, Eye to the Future



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MEC Chairman*

By the time you read this article, we will be almost midway through our Contract. Whether you hate the Contract, feel it's adequate or are just glad to be employed by a major carrier, this mid-point update is a chance to look back, size up what's happened, make plans that will carry us through the rest of this Contract, and help prepare us for the next one.

Time-wise, we're at the Contract midpoint, but not implementation-wise. The June 1999 Mainline scheduling system and the newly enforced Reserve Rest Rules from last December have both shifted the dynamic of the Contract considerably. Because of that, we still haven't had the time to fully evaluate this Contract, and that makes it difficult to judge its effectiveness.

Still, it's not too early to begin thinking about Contract 2003. The recent extended AFA-Company dispute gave the Communications and Strike Prep Committees a chance to operate the Comm Center. While that success tells us that we're headed in the right direction, the most important step is to establish our goals for the time leading up to January 2, 2003. Though these goals have to be formulated by the MEC, I feel that a few should be put out for discussion.

The Contract we are operating under now was hard to swallow for many, but we had to accept it for economic reasons. US Airways was in financial turmoil, our operating costs were far above those of competing carriers, and we had seen nothing but shrinkage. This Contract was a one-time adjustment to allow the Company to operate with pilot costs consistent with the competition.

We built a Contract that allowed for a trade of productivity for guaranteed growth. This had the dual effect of keeping US Airways viable and provided for the growth in block hours that have occurred thus far. Keep in mind that the

Contract also provides for the opposite: If the Company does not meet their growth commitments, we are released from our obligation on the productivity side.

The direction of Contract 2003 will be contingent upon situations and conditions that no one can predict: the Company's performance over the next few years, the state of the economy, the success (or failure) of our competition. Right now, with the airline industry recovered from the financially unstable late 1980s and early 1990s, almost all labor groups are seeking to improve on their last contract and negotiate one that leads the industry. If the industry remains profitable, and our present Contract attains the profit margin and cost structure that brings us in line with other major carriers, there are several targets to consider:

- Elimination of MetroJet
If, two years from now, management cannot demonstrate that a low-cost carrier is necessary to compete, it should be eliminated, and all pilots paid at Mainline wages.
- New no-furlough clause to cover all pilots.
- Enhanced and expanded growth guarantees, with especially aggressive targets for the growth of international flying.
- Provide for the continued increase of our pilot jobs, flying, and advancement in the event of a strategic alliance. There's more on this below.
- Parity review

I knew you were wondering when I would get to this one. I suppose I will start with the question of whether or not parity has been a boon or a bust. While there have been rumors of a double-digit pay cut being necessitated by a parity review, I can tell you this is categorically false. In an interim

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report to the MEC by ALPA’s Economic and Financial Analysis Department, using November of 1999 data, we are in the range of five to six percent above the composite competitor. As you already know, the Delta, United, and American pilots, all members of our composite competitor, are actively in contract negotiations. If they bring in contracts that either raise their pay or decrease their productivity, we will benefit.

The result of a parity review conducted under these circumstances could be positive. In the meantime, I have been working with E&FA to produce parity reports on a monthly or bi-monthly basis. Further, the parity process, as a result of the ratification of LOA 79, has been pushed off for four months. This will allow us to avoid the inefficiencies created by last summer’s maintenance problems, and the first two weeks of the implementation of the new Reserve Rest Rules on December 12.

What we might want to consider is a parity contract that provides only for enhancements to our pay and working conditions. By this, I mean if composite competitor pay and working conditions go up, so do ours. If they decline, we keep what we have. That way, we capture the upside with none of the down side.

Alternatively, we could simply decide to eliminate parity from our contract. In the event of a downturn in the airline industry, this would more likely protect us from concessionary contracts by other pilot groups.

Consider that Contract 2003 will cover at least 1,200 new pilots, with hopefully more new-hire growth within the next two years. With changing demographics and escalating retirements (an average of 105 a year between now and the end of 2002), it is important we develop our goals with those factors in mind. By preserving what we already have, adapting to what’s been handed to us, and building on the future, we already have a blueprint for what needs to be done. Most of all, though, we must learn from these experiences and apply that knowledge to our plans for the future.

On the international front . . .

The importance of a strategic alliance cannot be overstated—it will be the means with which we continue to expand our international flying. It is vitally important to improve our international flying in both depth and breadth

because with that flying comes our best, highest paying jobs.

With international flying, though, comes tremendous risk if we are not prepared to carve out our own flying. During our last negotiations, along with domestic codeshare limitations, we introduced scope language ensuring that a certain level of international block hours on US Airways must be reached before any code sharing by a foreign carrier can take place. With the possibility of US Airways soon entering a global alliance, those kinds of protections must be guarded to ensure our job security.

Meanwhile, we have taken the first steps to make certain we are involved and informed in regard to oneworld, STAR, Wings, and the new Delta-Air France anchored alliance. Through our participation in ALPA, we have compiled the various protocols involving ALPA carriers. On the other hand, the Allied Pilots Association, representing the American Airlines pilots, anchors oneworld in North America. We have always had some level of communication with the APA, but in the past year we have stepped it up because of not only the implications of a oneworld alliance, but also common negotiating ground regarding SJs. In April, Vice-Chairman Bill Pollock attended the oneworld pilots meeting in Tokyo. The next one will be held in Dublin in September, and I fully intend to be in attendance.

The importance of this participation cannot be understated. You may remember that we also developed protocols with the British Airways pilots in the mid-1990s. The role of these protocols is to provide for cooperation and mutual protection of all member pilot groups. For example, an advantage can be gained by not having any pilots of a particular alliance doing struck work in the event of a job action by another member. It is also helpful to have a governing body that interfaces with the management side of the alliance, especially if that means greater negotiating leverage.

A corollary to greater involvement in the alliance structure is a more active role in IFALPA, the International Federation of Air Line Pilots’ Associations. As alliances are being formed and re-formed with airlines wanting to maximize the potential of seamless worldwide travel, IFALPA, which represents most of the world’s unionized pilots, is taking a more active approach. Their statement on global alliances agrees that there is a “vital importance of ensuring that the managements of airlines and global alliances do not use these alliances to the detriment of flight crew associations.”



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I also hope to have us become more involved in the International Civil Aviation Organization, or ICAO. This organization was founded to ensure that international civil aviation is developed in a safe and orderly manner.

Putting the puzzle together

As I often ask, where do we go from here? I believe the first step is for all of us to begin discussing with each other, these and other ideas you might have regarding where we want to be in 2003. If the economy remains healthy, we should begin negotiations well in advance of our amendable date so as to have an agreement by January 2, 2003. If the economy falters, we should probably use a different approach. These things will become more apparent as time goes on. It goes without saying that if management is not reasonable in how they respond to us and the past commitments we have made to the well-being of our company, we must be prepared to

go to the remedies provided to us under the Railway Labor Act.

By the way, here's a newsflash. As this is written, the MEC has received their first set of polling questions regarding your satisfaction or lack thereof with the Reserve system and the scheduling system. It also seeks your input as to how we can change the various pieces to better suit us. Even if we are unsuccessful with making wholesale changes, we should certainly have guidance from you as to how you would like to make modifications in Contract 2003.

If the scheduling polling proves to be successful, I will ask the MEC to expand this polling to other areas of the contract. I think this methodology has great potential in determining what you expect of your union in negotiating your future pay, benefits, and working conditions. By endeavoring to fulfill those expectations, it will build the credibility necessary for trust. And through trust we attain the most vital element of our success: unity.



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