

Pro-Pilot, Pro-ALPA

*Air Line Pilot Speaks
With Powerful Member
Of Congress*

Air Line Pilot recently had the chance to sit down with Rep. James Oberstar (D-Minn.) to ask his views on a number of topics of great interest to ALPA members. Oberstar serves as the chairman of the House Transportation and Infrastructure Committee, which has oversight of many issues that affect pilots.

ALP: *What is the long-term concern that the workers for U.S. airlines should have with the specter of foreign control of U.S. airlines?*

JO: Well, you know I asked that question a long time ago. When the British Air/American Airlines issue was on the table in 1996, and other foreign carriers were looking at U.S. airlines, US Airways was one that was on the table for a merger with a foreign carrier, and I had a group of

US Airways pilots come to visit me—I said, “Do you really want to trade your uniforms for this color? And these chevrons?” And one said—“Well, yeah...” and another said, “I don’t know—If I’ve got a job, doesn’t make much difference to me what color uniform I’m wearing.”

Well, it makes a difference to me. It makes a difference to the traveling public that, for a variety of reasons, we should not open our domestic airline sector to foreign ownership. Airlines are not like department stores. You can create another department store. Who cares? But—airlines are the crown jewels of the American transportation system—a driving force of our economy. Aviation accounts for approximately 5 percent of our gross domestic product. That much of our domestic economy controlled by foreign interests, to me, is a threat to our national security, a threat to our national well-being.

There are also national security interests. Start with the Civil Reserve Air Fleet. Under the CRAF program, airlines commit a number of their widebodies to the defense effort to strengthen and carry troops and equipment. And flying with heavier load, they are compensated by the U.S. government for the fuel penalty incurred as a result. But those aircraft are available in a time of national emergency, and in Gulf War I, they flew 5,500 missions into the Middle East—troops and equipment.

ALP: *We’d like you to talk about open skies. With the franchising options that are now available to international airlines, where should we look for creeping signs of losing control of this sector of the economy?*

JO: Ownership and control are the key factors. What are the elements that lead a foreign partner to control the fleet size, market service, pricing, and market interest? If that shifts to

a foreign owner, to a foreign franchisee, then it violates the ownership and control issue. And I can’t support that.

ALP: *The even bigger question concerns the specter of the second phase of U.S.-EU negotiations, and the fact that the administration has made very clear what its agenda is. And it is running out of time. What do you see on the horizon there, and how fearful should ALPA and its pilots be that this will get away from us and be negotiated away by this administration?*

JO: Well, you should be very concerned about it, because this administration’s determined to make its mark. It is doing as every administration does in its last throes to put regulations in place, as NPRMs, notices of proposed rulemaking, that present difficulties, and these take months and months to remove or delete or modify. The administration is very astutely doing this in a number of areas of its policymaking. It wants to shape the agenda of whatever administration succeeds it. So now we’ve had round one of these talks; and Congress, with ALPA’s strong support, derailed the administration’s efforts.

ALP: *Where do you personally stand, where do you see things going, and what role do you see for your committee in Congress, in addressing future mergers?*

JO: Well, in 1978, Congress did not deregulate aviation—that is, take the government out of making the decisions on pricing and market entry—to create golden parachutes for airline executives, who come in and self-enrich, and then disserve the public. Our purpose in deregulation was to create more competition, more opportunity, more communities served, lower prices, and more choices for consumers. To a large extent, that worked. The fact that there were 22 new entrants showed a proliferation of interest in competition. But eight years later, only five of those were left. And 10 years later, only one, America West, was left; and now it has merged with US Airways, so it’s not really the same carrier it once was.

ALP: *So what should our members prepare for?*

JO: They need to look at the benefits and risks of any merger and should be involved from the outset. I don’t want it to lead to one massive carrier, with huge costs, and a questionable fleet mix that, in a very short time, will require management to cut costs, to achieve efficiency. Now, as soon as I hear ‘achieve efficiency,’ I say—‘oh, cut jobs.’ I know what that means. And when you start cutting jobs, and that’s not enough, then you go back and you cut pay, and you cut benefits, and then you have an insufficient workforce, and an unhappy workforce. So I just think Congress needs to look very carefully at any proposed merger or other form of industry consolidation, and I will certainly solicit ALPA’s views.

ALP: *Regarding FAA reauthorization and where it stands, obviously you’ve done the work and passed a bill in the House, but what’s going to happen in the Senate in your opinion, and what should pilots be thinking about?*



Rep. James Oberstar (D-Minn.)

PHOTOS: SHARON VEREB

JO: Goodness, if I had the crystal-ball answer for that question, I'd leave Congress and make some money on it! Seriously, I don't know. The Senate Commerce, Science, and Transportation Committee has reported the bill but has not brought it to the Senate floor yet. This is because the Senate Commerce Committee and the Senate Finance Committee have yet to agree to a financing structure for the FAA. The internal movings of the other body are a mystery to me. We're ready to go to conference with the Senate, whatever the contents of its bill. We'll meet and conference in good faith, and we can move a bill.

ALP: *If you ask a line pilot, "What's the worst thing about your job?" many of them will say, "Going through the screening process." What do you think about the fact that airline pilots have to go through the normal screening process and be treated as if they were, potentially, terrorists?*

JO: You know, there's a history to that, going back in the early days shortly after 9/11. Our committee had discussions about who should be subject to screening. There were proposals to exempt the flight crew—after all, who on a flight crew would want to destroy their own aircraft? But the prevailing view was that all air travelers, the flight crews included, must be subjected to screening. That was the prevailing view that resulted in no legislated exemptions. We thought, over time, there would be a separate screening process for the flightdeck crew. At least, the cabin crew. That hasn't happened. The TSA has not done that. And to me, it is ridiculous that the flight crew is standing in line with passengers to get through to operate the aircraft they're all waiting to board. I don't think the traveling public would mind at all to see a separate line for the flightdeck crew and the cabin crew to go through the screening.

ALP: *We have an important election year coming*

up. Why should professional airline pilots, purely in their capacity as pilots, care who is elected president of the United States?

JO: Because aviation is the industry most heavily regulated by the federal government. Everything in aviation, from the design and engineering of aircraft, to the maintenance, to operation, to the air traffic control system, is regulated by the federal government. And pilots, flightdeck crews, cabin crews have more of a stake in who is the next administrator of the FAA, who is the next Secretary of Transportation, than anybody else in the transportation trades. 🌐

other Star Alliance airlines to finalize their antitrust-immunized alliance. Also, several members of the SkyTeam alliance—Delta, Northwest, KLM, Air France, Alitalia, and Czech Airlines—have filed with the U.S. Department of Transportation for antitrust immunity for a number of cooperation agreements between them. The Department in 2005 had denied a similar request, partly on the grounds that the “regulatory framework governing transatlantic markets is in



Rep. Oberstar, right, gives a tour of his office to Frank Voyack, ALPA Government Affairs, left, and Russ Bailey.

flux,” a concern that the first-stage agreement eliminated.

The use of the ownership and franchise provisions of the agreement could also raise concerns. Virgin Group's application to invest in and have a branding relationship with Virgin America was hotly contested for more than a year before the DOT finally approved it in May 2007. (See “Front Lines,” June/July 2007.)

With respect to the next round of negotiations, the European Union has made clear that one of its primary objectives will be eliminating U.S. limits on European nationals' ownership and control of U.S. airlines. In issuing a report endorsing the first-stage agreement, the European Parliament underlined that the “issues not resolved in the first-stage agreement should be dealt with in the second-stage agreement. These issues are cabotage, right of establishment, and ownership.” Jacques Barrot, vice-president of the European Commission responsible for transport, echoed these views when he stated at the agreement-signing ceremony that “the EU remains determined to remove barriers to trade, in particular in the area of foreign investment.”

While the EU plans to again put cabotage on the table, ev-



ery indication is that the United States will—as it has done in the past—firmly rebuff this request. “Having a foreign airline such as Lufthansa operate as a German airline in our domestic market runs right up against a host of laws—tax, labor, immigration, to name a few—that are not designed to accommodate such operations,” says Capt. Paul Rice, first vice-president of ALPA and deputy president of the International Federation of Air Line Pilots Associations.

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—Capt. Paul Rice, ALPA first vice-president and deputy president of the International Federation of Air Line Pilots Associations

continue to operate under the laws of their home country,” Rice says. “Rather, we require them to set up U.S. subsidiaries and do business as U.S. companies subject to U.S. laws. The EU officials are enamored with the cabotage idea, but they haven’t thought it through. However, what they are probably serious about is getting the right to own U.S. airlines. That would, in effect, give them the same ability to add U.S. domestic traffic to their network.”

Allowing foreign control of U.S. airlines would pose its own problems. “If a foreign holding company owns both a European airline and a U.S. airline, it could bid the pilots against each other for the international flying,” says Rice. “While we would take the position that U.S. labor laws would allow pilots to negotiate over this flying and strike if the disputes were not resolved at the bargaining table, there is some uncertainty about the reach of our laws.

“Then, because any investment opportunities would have to be reciprocal, there is the question of what happens if a U.S. airline wants to acquire or establish a European airline. Because European airlines will all have the same route rights both within the EU and *vis à vis* the United States and because the EU has a smorgasbord of labor laws, a U.S. airline might well decide to buy an airline in a small country that has less developed labor laws and to operate its international services. Too much is at stake to allow a change in ownership rules absent very clear and effective rules that protect pilot employment interests.”

So far, the EU has not been willing to try to address the la-

bor concerns raised by its proposals. A large part of the reason is the structure of the EU. While it has created a common aviation area for its own airlines, it has not created a single EU-wide labor law for its airlines equivalent to the Railway Labor Act, which has U.S.-wide applicability. Rather, each of the EU’s 27 member states has its own labor laws, which govern the labor-management relations of airlines depending on where they are incorporated. This has raised a host of concerns about applying these diverse laws to airline pilots. (See, for example, the discussion of Ryanair in “European Pilots, Working with ALPA,” page 34.)

Finally, the EU’s request that the United States eliminate its restrictions on the use of aircraft wet-leased from foreign airlines is problematic. “The Europeans want their airlines to be able to provide aircraft and flight crews to U.S. airlines on domestic routes,” says Rice. “In our view, that is cabotage. It is also direct labor substitution in its rawest form. Without a single labor law for European airlines, we could have aircraft and flight crews operating here from countries with a variety of labor standards. This is simply unacceptable.”

ALPA’s role in the negotiations

ALPA fully participated as part of the U.S. team in first-stage negotiations and is preparing to fully participate in the meetings of the joint committee that has been established to monitor implementation of the first-stage agreement as well as in the upcoming second-stage negotiations. While the U.S. government did agree, over ALPA’s objections, to certain terms such as the wet-leasing and franchising provisions, in many instances it adopted ALPA’s suggestions or modified text to accommodate the Association’s concerns.

Through the International Affairs Committee, ALPA is developing its positions on the coming negotiations. The Association will be coordinating with the AFL-CIO’s Transportation Trades Department and other U.S. unions, such as the Association of Flight Attendants and the International Association of Machinists, to ensure that U.S. airline employees speak with one voice on all relevant issues wherever possible. And ALPA will be working with the European Cockpit Association (see “European Pilots, Working with ALPA,” page 34) and the European Transport Workers Federation to achieve the same result on the international level.

“The statutory and regulatory changes being sought by the European Union could have a dramatic effect on the lives of U.S. airline pilots,” says Prater. “Indeed, they could bring the most significant changes to the regulatory environment we work in since the Airline Deregulation Act of 1978. Anyone who lived through the turmoil brought on by that Act will understand instantly what is at stake here. It is imperative that all other airline pilots understand it as well.” 