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The airline industry is different from any other in the tension that exists between its two missions. On one hand, airlines are treated like public utilities that are expected to provide safe, secure, low-cost transportation to the general public. On the other hand, the airlines are for-profit companies that are expected to make money. Balancing these missions has become complex.

I'm honored to provide the views of nearly 53,000 airline pilots at 38 airlines in the United States and Canada on how we can achieve these seemingly divergent missions. As president of the Air Line Pilots Association, International, I would like to express my appreciation to Bob (Bergman) and the Aero Club of Washington for having me here today for this luncheon.

Whether we are airborne at 35,000 feet above the Capitol or shadowing the Potomac on approach to Washington National, airline pilots have a unique and unrivaled perspective from the flight deck about how regulations and legislation created in this city affect our passengers and cargo, as well as our nation's role in the global air transportation system.

As pilots, our investment in our company is unlike that of almost any other U.S. worker. Our seniority system encourages mentoring so that we can pass along our decades of flight experience to the next generation of airline captains. It positions us to hold safety as our highest priority. It also allows us to say NO when safety concerns rise to the point of conflict with profits or operational metrics. The seniority system should serve to make us career-long stakeholders in our airline, because leaving our company means starting over and essentially destroying the value of our decades of experience.

The seniority system, which has been called our “lead handcuffs,” has far too often been used as almost a weapon against us during collective bargaining or Chapter 11 reorganization.

But the safety and stability that pilot seniority systems are designed to create have come under intense pressure in the face of consolidation or other corporate transactions. And many airlines are no longer viewed by airline pilots as career opportunities. In fact, one manager of a large regional carrier has called the abundance of pilot experience on his seniority list the “death spiral” of pilot costs. What a shame that pilot experience is seen as a financial liability instead of an asset when it comes to attracting more business.

I would like to lay out for you today our view of how government policy makers, and industry and union leaders, can offer all of our constituents a more stable future.

First, we must take a step back and look at the state of our profession and of our industry.

In the years since 9/11, airline pilots and other airline employees have, of course, as you all know, been besieged by carrier bankruptcies and had to endure staggering concessions, brutal pension terminations, and widespread job losses.

Moreover, the last 30 years of relatively low barriers for entry into the airline industry, widely available capital, and the increasing ability to reach and sell products to consumers via the Internet have made it much easier for start-up airlines to come into this industry.

Unfortunately, this ease of entry has led to the start-up of new airlines that are often under-capitalized and ill-prepared to execute a long-term business plan. As these airlines enter the market, they have a dramatic effect on pricing and force their established competitors to price irrationally in order to compete.

Over time, when new entrants file for bankruptcy, go out of business, or merge, as they often do, the established airlines have absorbed huge losses, often entering reorganization themselves.

The industry as a whole suffers from these poorly performing new-entrant airlines, a result that clearly works against the long-term goal of a safe and stable air transportation system.

As one competitive response, the name-brand airlines have increased the practice of outsourcing much of their domestic and North American flying, which has created a new airline business model. Whether this model is called fee for departure, pro-rate, system extenders, or regional airlines, it has succeeded in lowering overall pilot and labor costs, but it has eliminated the many benefits of retaining experienced and loyal, career-minded employees who now struggle to earn enough to provide for their families.

Where do airline pilots stand in this new scenario? Many of you here today witnessed the shock expressed by members of Congress and the news media when it was revealed that pilots flying 30- to 90-seat airliners can expect to earn as little as 16,000 or 17,000 dollars a year.

In addition, this frenzy to cut costs has prompted many airlines to push pilots to work the maximum number of hours that regulations allow. Coupled with minimum staffing of pilots and obscene scheduling practices, this focus on productivity and cost-cutting forces pilots to spend many more hours on duty, whether it is measured by day, month, or year.

This reality not only affects the pilots of today, it also influences the pilots of tomorrow. The cost of the basic education needed to become an airline pilot can easily approach 200,000 dollars or more, and so the prospect of spending such a sum to land a piloting job earning less than 20,000 dollars a year simply doesn't make sense, not to us, not to anyone.

Today's reality does not bode well for our industry's ability to attract the most talented individuals to my profession. The recession that took place in this country during the past two years, along with the change in the mandatory pilot retirement age in 2007, has buffered us against a true pilot shortage.

However, the recent economic momentum and approaching massive retirements mean that more qualified airline pilots will be required than are willing to work for the bankruptcy-driven wages and quality of life that we witness at far too many airlines today.

Yet, in the face of all of this, I am proud to say that airline pilots stand as consummate professionals who safely fly millions of passengers and millions of tons of cargo every day.

So, what do pilots in the cockpit and passengers in the cabin need from Washington if we are to revitalize a stable, safe, and profitable industry, now and for the future?

ALPA believes the plan must be set on a five-point foundation. We need to:

- Create a national-level aviation policy that is part of a U.S. transportation policy;
- Establish a single, high level of safety and security for ALL passenger and cargo airlines;
- Develop and maintain the best trained, most competent pilot workforce in the world;
- Modernize the National Airspace System; and
- Forge a U.S. international aviation policy that provides an effective balance among U.S. economic, security, airline, passenger, and worker interests.

The first of these five points is ensuring that our national policies promote opportunities for U.S. airlines to prosper, create good jobs for U.S. workers, and allow our companies to compete effectively and profitably with foreign airlines.



Identifying the policies, or lack of policies, that form barriers to stability is the first step.

National policies must be scrutinized and reset if they do not advance the goal of stabilization.

One example is the current taxation structure. Incredibly, you have heard it before and you will hear it again, airline tickets continue to be taxed at least as heavily as tobacco and liquor in this country. This is outrageous, and I think we can all agree that Congress must correct it.

Another example is fuel speculation. While prices are relatively stable now, dramatic swings in prices and high costs add significant stress to the industry and make long-term planning almost impossible. This, too, must be rectified. ALPA was proud to partner with the ATA on related provisions of the financial legislation that is now before the President and which we hope will address this concern.

The second point of our foundation is the need to ensure that the airline pilot workforce continues to be the best trained, most competent in the world, and that pilots uphold and maintain the highest standards of professionalism.

Given a decade of concessions and the “race to the bottom” pattern in the regional segment of the industry that I mentioned earlier, we also must position our industry to attract and to retain the highest-caliber candidates.

For most of our history, the U.S. airline industry has been able to count on a steady supply of military-trained aviators who were eager for a full airline career following their service to our nation. Those days are over.

Today, a majority our pilots come from the civilian and university programs, and, unless our industry offers pilots a better future than it does today, our airlines will soon face a severe problem.

The third of our five points? We need to ensure a single, high level of safety and security for all airlines, regardless of whether their pilots carry passengers or cargo or what type or size of aircraft they fly.

A foundational element of this single level of safety must be science-based flight-time and duty-time limits and minimum rest requirements and to make sure that they apply to all types of flying.

The cooperation among ALPA, government, and industry partners through the formation and the work of the Flight/Duty Time Aviation Rulemaking Committee set the pace for progress toward the common goal of a new, updated set of regulations based on science.

This initiative by the FAA and the DOT must finally get airborne. While we understand this is a comprehensive and very complicated regulation, I do hope the September forecast is met.

The failure to complete the FAA reauthorization continues to put a hold on many critical safety enhancements. The versions of the reauthorization currently under consideration by the conferees will address many of ALPA's safety priorities, including policy improvements in the pilot fatigue area, weather research on volcanic ash and airframe icing, and runway safety.

The FAA reauthorization also makes an important down payment on implementing NextGen, which is the fourth element in ALPA's policy plan for a stable U.S. airline system.

As new technologies emerge, the pace of change in our industry highlights our outmoded aviation rulemaking process.

The current process is slow and cumbersome, and it attempts to regulate the safety of an industry that is becoming increasingly agile. When a risk is identified and a solution created, regulations can literally be years in the making.

The result is a patchwork of outdated rules that are supplemented by government recommendations, manufacturers' bulletins, and industry best practices, which are, of course, not mandatory or enforceable if an airline management chooses not to comply to keep a low-cost advantage over those that do.

I fully support the FAA's current charter of a new Aviation Rulemaking Committee to address the qualifications and training for second-in-command pilots. I have appointed two ALPA members to participate on the ARC, and I hope that my concerns regarding regulatory delays are not borne out in this critical safety matter.

Finally, the fifth point. Our country needs to establish and maintain a U.S. international aviation policy that provides an effective balance among U.S. economic, security, airlines', and, again, workers' interests.

ALPA stands in solid support of the current U.S. foreign ownership and control rules. We urge their full enforcement. These rules are rooted in basic national security considerations, especially the need to ensure that U.S. aircraft are available in times of national emergency.

The United States needs to ensure that our carriers are able to continue to survive and grow in the international arena. ALPA is offering suggestions to the Future of Aviation Advisory Committee that we believe will help achieve this objective.

As I present ALPA's five-point plan for a safe and stable airline industry, I do feel optimistic because the U.S. and global economies are showing signs of growth and recovery. While issues outside of the industry still loom as potential threats, one thing is clear: the health of our industry corresponds and contributes to the health of our economy. We must do all we can together to foster it with federal initiatives that protect and provide for the health of the airline industry.

Another reason for optimism for me is the current Administration. We are now working with a U.S. government that engages union and industry leaders when searching for solutions.

The Obama Administration has set a new tone of working with ALPA on the safety, security, and labor relations issues that matter most to our passengers and to our profession.

In a related area of government policy, negotiating and enforcing contracts under the Railway Labor Act only works when both bargaining parties are treated fairly and equally. When the National Mediation Board creates uncertainty about the steps it may take in mediation, both parties are motivated to bargain earnestly to reach a final agreement. The NMB has shown that it means business in efficiently moving toward closing current negotiations. Bargaining parties that fail to act responsibly can expect consequences.

This change has produced results—in the form of new working agreements—over the past year.

ALPA pilots at Alaska and Hawaiian Airlines have recently approved new, positive contracts that have rewarded our members, produced profitable companies, and begun to stabilize labor-management relations.

Both of these management groups are to be recognized for their willingness to invest in their employees. I have given my commitment to help them succeed in this difficult business.

Unfortunately, one ALPA pilot group faced a management that tried a different approach. The management at Spirit Airlines refused to acknowledge the enormous contribution its pilots made to the company's survival in hard times and to its prosperity during recent years.



After four years of fruitless contract talks, the National Mediation Board released both pilots and management from mediation on May 12. The release triggered a 30-day cooling-off period that expired at 12:01 a.m. on June 12. After two deadline extensions and a full-out effort failed to reach an agreement, Spirit pilots withdrew their services.

Following five days of trying to operate an airline without pilots, Spirit management reached a tentative agreement with ALPA that includes improvements in pay, benefits, and work rules that reflect the pilots' contributions to the company's success. Should the Spirit pilots ratify this tentative agreement, and if Spirit management demonstrates its willingness to now move forward with a consensual relationship with their ALPA pilots, they, too, will have my commitment to assist in making their company a success.

I hope that these three examples illustrate my point: those managements that work with ALPA stand a far better chance of succeeding than those that don't.

With nearly half of ALPA's 38 pilot groups currently in or approaching contract negotiations, I hope that airline managements understand how important it is to find ways to reach agreement. Pilots at Trans States, AirTran, Pinnacle, United, and Continental are entering critical phases of negotiations.

I'm optimistic that outcomes at these companies can mirror the recent positive results that I just mentioned.

This tenet is also true for the consolidation and transactions both real and forecast at several airlines. The pilots at Colgan, Compass, American Eagle, Pinnacle, Mesaba, and Trans States are their companies' most valuable and vested assets.

In these and any future transactions, our involvement every step of the way is essential for the long-term success and, I daresay, survival of the airline.

On another note regarding the Obama Administration, ALPA applauds Secretary of Transportation Ray LaHood for establishing the advisory committee and for selecting ALPA's director of economic and financial analysis, Ana McAhron-Schulz, to serve among its members. The Committee and its work are important acknowledgment that this industry and our workers cannot be overlooked or underrated as a cornerstone in the global economy. Our airline industry is undergoing a critical transformation right now. The decisions we make in taking on the challenges we face today will determine the opportunities we have for tomorrow.

The promise of new national policies and collective bargaining agreements that will enhance safety as well as pilots' professional lives is encouraging. These improvements will make a difference for pilots flying the line now, and they will help restore our profession as we seek to attract qualified candidates to become the airline pilots of the future.

At ALPA, we are hopeful about an improving economic outlook, a government that is willing to listen to labor's views, and managements that are committed to understanding and working with organized labor. Together with the five-point foundation I laid out, these developments will foster a safe and stable industry.

Whether you experience it from aboard an international long-haul flight passing 35,000 feet overhead on your way to Europe or on the river approach to National, this city, and indeed each of us in this room, has a tremendous capacity to contribute to a safe and stable airline industry, but we must also resolve to ensure that the needs of all stakeholders are recognized.

I hope that all of you will join me in a renewed commitment to strengthen our industry in every area—safety, security, and labor relations. Our passengers, cargo shippers, employees, shareholders, and economy depend upon it.

Thank you again for the opportunity to be here today.