The day the middle class died, Part 2

Director of Education
Jamie Lumm

Prior to late 1978, the airline industry was one of the most heavily regulated in the United States. Created by Congress in 1938, the Civil Aeronautics Board (CAB) governed the airline industry, controlling the certification of new airlines, approval of mergers, grants for routes and approved ticket prices, which were calculated to guarantee air carriers a 12 percent annual return on investment. But with the skyrocketing fuel prices of the 1970s, ticket prices rose dramatically, as did public dissatisfaction—all of which paved the way to airline deregulation in 1978.

Carriers could now fly where they wanted and set their own prices. Dozens of new low-cost airlines were soon filling the airports with passengers and skies with even more traffic. As a result, air traffic controllers saw their highly stressful jobs become even more so, as they had to handle more and more planes with increasingly unreliable equipment. In 1979, at least one computer crashed per day at each of the 20 major traffic control centers. The Washington, DC, center alone saw its computers crash 143 times in a six-month period. PATCO, the controllers' union, saw little relief coming its way, and chose to endorse Ronald Reagan in the 1980 election over the incumbent Jimmy Carter, who they felt was ignoring their plight.

Contract negotiations between the FAA and PATCO opened in February 1981, shortly after Reagan's inauguration. It should be noted that air traffic controllers' wages were set by Congress, just as they were for postal workers prior to the 1970 postal strike. Nevertheless, PATCO's main objectives were to secure a substantial wage increase, coupled with a reduction in work hours. Negotiations continued through March and April as the parties reached agreements on many non-controversial issues. However, things changed in late spring, when PATCO put its wage demands on the table. When told that these issues were not negotiable, PATCO negotiators responded, "Then we will work them out on the picket line." At their national convention in May, PATCO members approved a strike deadline of June 22.

The Reagan administration, fearing the calamitous effect a controllers' strike would have on a national economy already weakened by high inflation and soaring interest rates, gave the FAA's chief negotiator, Drew Lewis, unprecedented permission to discuss pay and benefits. In mid-June, Lewis offered PATCO a 5 percent across-the-board addition to controllers' GS pay scale, a 20 percent increase in night pay differential, paid lunch, and an agreement that controllers would be limited to no more than 6.5 hours a day "in position" controlling traffic. PATCO president and head negotiator Robert Poli, believing that controllers deserved, had been promised and could get more, walked out of talks on June 17.

The parties reconvened on June 21, the day before the strike deadline. Meanwhile, PATCO members around the country began arriving at their local strike headquarters for a "horse count" to determine how many were prepared to go out on strike. When it became obvious that the count would fall short of the 80 percent that the union had set as a requirement for the strike to go forward, Poli reluctantly accepted the contract and said he would put it before the membership for ratification.

Upon learning of the terms of the tentative agreement, dissatisfaction was immediate not only among controllers in the field, who felt it was insulting and only a fraction of what they had hoped for, but also from conservative politicians and lobbyists who thought it was overly generous and would set a bad precedent. PATCO leaders called for a special meeting on July 2 in Chicago to hear from the rank and file about whether the executive board should recommend ratification. After hearing from a torrent of speakers angry with the proposed agreement, the board voted 8-0 to recommend rejection of the contract. Ballots were mailed out, and on July 29, Poli contacted Lewis to say that 95 percent of the PATCO membership had voted to reject the contract. He then gave Lewis five days to come up with an acceptable offer or the controllers would go on strike on Monday morning, Aug. 3.

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When it became clear that a strike was imminent, President Reagan conferred with his advisors as to when to address the situation and what he should say. At this point, they agreed that if the controllers struck, they should all be fired for engaging in an illegal job action. The only issue left was whether Reagan should issue a statement before the deadline as a warning, or after the strike commenced. Feeling that an unheeded warning would make the president appear weak, the consensus was to let the controllers make the first move and then let the president appear strong in the face of PATCO's challenge.

The parties met for a final time on Aug. 2, but to no avail. At 7 a.m. the next day, picket lines went up all along the Eastern seaboard, and the strike was underway.

In next month's article, I will discuss the strike and its impact on the American middle class.