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Flying Blind: Airline Deregulation, 30 Years Later

Travelers, Workers, Safety All Victims, Report Finds

White House urged to form task force on regulatory reform

Washington, DC – Thirty years of deregulation has sent the airline industry into a steep nosedive, reducing consumer options and services, increasing delays, wiping out thousands of jobs, undercutting workers' wages and benefits, bankrupting countless companies, and causing a downward spiral in safety oversight, according to "Flying Blind: Airline Deregulation Reconsidered," a comprehensive report published today by Demos, a non-partisan public policy research organization.

"Deregulation was promoted as a way of enhancing consumer choice and industry efficiency," the report states. "Over time, it has had the opposite effect."

Indeed, deregulation has literally reversed the fortunes of the entire industry, conclude the report's authors, James Lardner and Robert Kuttner, citing the fact that "between 2000 and 2008, U.S. airlines reported net losses of over $33 billion – a sum that far exceeds their $17 billion in accumulated income between 1938 and 1999."

The report cites the fact that in 2007, "More than a quarter of all flights were delayed, accounting for 112 million lost passenger hours.

"For the past 30 years, we've witnessed first hand the sweeping damage that airline deregulation has done to the traveling public whose safety we protect, to the flight attendants we represent, and to the entire airline industry," said Pat Friend, president of the Association of Flight Attendants-CWA (AFA), which has contracts with several major airlines.

"The standard of living of airline employees has deteriorated right along with the quality of service as a result of deregulation," said Friend. "Unfortunately, our members also absorb the brunt of the flying public's growing frustration with declining services and the constant delays that deregulation has created."

"With a few exceptions, the airlines adopted a two-pronged strategy of cost reduction, cutting back on workers' wages and benefits, in the first place, and on customer service and amenities, in the second. So, while most of today's passengers pay less, they also get less—less legroom, less service, and less help in the increasingly common event of a cancelled flight or a missed connection," said Lardner and Kuttner.

Laura Glading, president of the Association of Professional Flight Attendants (APFA), which represents flight attendants at American Airlines, said that "one of the more disturbing facts the report reveals is that if fares were lowered at all, it was solely because the companies were using the chaotic environment that deregulation created as an excuse to drive down wages and benefits."

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"America needs an airline industry that can do right by its owners and workers a well as its passengers," the report states. "It is simply not in the public interest to have airlines engaged in a race to the bottom on wages, benefits, and working conditions."

Both union leaders strongly endorse the reports' recommendation that "the White House and the Department of Transportation take the lead in creating a task force to examine the industry's problems and propose solutions."

The report documents how deregulation has created "a steep downhill slide in wages, benefits, working conditions, and labor standards" throughout the industry, none more so than flight attendants, who "have experienced pay cuts and work-rule changes as well as layoffs," according to the report.

"At American Airlines, the number of flight attendant positions has fallen by 35 percent, from 26,000 in 2003 to 17,000 today, and American recently announced another 1,200 flight attendants may be furloughed next fall," said Glading. "Many flight attendants are also working three, four, five extra days a month in order to come even close to their former pay levels."

"With lower wages and increased market power," the report states, "you might expect the airline business to be booming. But deregulation has been a big failure for the long-term health of the industry as well."

The report also raised concern about diminished safety oversight, which the report attributes to rapid increases in subcontracting of short-haul routes to smaller regional carriers and a massive increase in maintenance outsourcing that has challenged the FAA's ability to conduct safety inspections.

"The crash of Continental Connection Flight 3407 blew a dirty secret," the report states. "Most of the major U.S. airlines are no longer directly responsible for many of the flights they advertise and sell."

Transportation economist and airline consultant Dan Akins notes that "by shifting flights to smaller regional airlines, the legacy carriers have created a system in which you have relatively inexperienced pilots flying at lower altitudes through more challenging weather conditions, often to more isolated and difficult airports."

The report concludes that "the speed at which the practice of outsourcing [of maintenance] has grown is deeply problematic in itself," often to shops abroad where work rules and safety standards are more lax.

"Today, while the [FAA] inspection staff is no bigger and remains largely based in the same hub cities, the work is scattered across nearly 5,000 facilities in the U.S. and abroad.

Thus, the report concludes, "through a series of seemingly small compromises, the airlines have placed themselves in the position of encouraging passengers to entrust their lives to less experienced and less well-paid pilots, and to travel in planes that have not always received the same high level of care."

"Our members see every day how those hazards are doing great damage to them, their families, and the traveling public," said Friend. "It's time for the federal government to take action, and we've written to Congress urging members to support a task force to address the failures detailed in the Demos report."

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