

Chicago Tribune

United, Continental pilots split on pay Union leaders for both airlines accuse other of unfair demands

By Julie Johnsson
November 8, 2010

Labor discord is creeping into the newly merged **United Airlines**, where union leaders are at loggerheads over how to pay pilots who fly the carrier's largest aircraft on international flights, sources told the Tribune.

Reaching a new collective bargaining with pilots is a priority for United CEO Jeff Smisek, who believes that fostering labor harmony is paramount if the world's largest carrier is to provide stellar customer service.

Smisek has set an ambitious deadline for achieving labor peace: wrapping up contract talks with all of the Chicago-based carrier's unions by late 2011, when federal officials are expected to give the go-ahead to formally combine United and Continental's flight operations.

But in a setback, leaders of the separate pilots unions told members last week that they have been deadlocked since September on how to structure pay, especially on the **Boeing 747** jumbo jets flown by United but not Continental. For airline captains, compensation and career progression typically is linked to the aircraft they fly: The larger the jet, the higher the pay.

It's not unusual for merging pilot unions to battle over compensation and seniority, the pecking order that determines career expectations and quality of life of their members, labor experts said.

"There is no equitable way to blend two pilot groups together; someone is always unhappy," said Louis Smith, a retired Northwest Airlines pilot and president of FltOps.com.

But it's rare for a rift to be publicly aired so early in the negotiating process. That caused some observers to question whether the United dispute could lead to a deeper schism like the bitter rift over seniority that has divided pilots of **US Airways** and America West Airlines since their 2005 merger.

"I think this is something that can be resolved before it goes nuclear," said Bill Swelbar, a researcher at the **Massachusetts Institute of Technology**, who has more than 20 years of airline negotiating experience. "Tensions are going to be high for everyone."

That was evident as Capt. Wendy Morse, who heads United's pilots, and Capt. Jay Pierce, her counterpart at Continental, and other leaders traded volleys in letters to members last week.

Both union chiefs accused the other of violating an agreement to follow the course set by Delta and Northwest pilots in their 2008 merger by deciding to negotiate a new contract before tackling the highly contentious process of integrating seniority lists at the two unions.

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In a Nov. 1 letter, Morse told United pilots that the union leaders agree on every facet of the contract they are negotiating with management aside from pay. And on Oct. 27, management had presented a comprehensive contract proposal, with room to negotiate.

But the two unions can't agree on how to craft a compensation proposal to present to management, Morse said, and United's pilots are prepared to ask the national office of the Air Line Pilots Association to intervene.

Complicating matters is the mix of jets flown by the two pilot groups. Because it parked its Boeing 737 jets in 2009, United's fleet is tilted toward the larger jets that would be flown by pilots near the top of a seniority list.

When their financial merger closed on Oct. 1, United operated more than twice as many twin-aisle jets as Continental: 112 planes to 48. At the top of United's pay scale are roughly 300 captains of Boeing 747-400 jumbo jets, an aircraft not in Continental's fleet.

Because Continental steered clear of bankruptcy last decade, its pilots are paid more than United's. A senior captain flying Continental's largest plane, the Boeing 777, earns \$167,000, according to FltOps.com, which tracks pilot pay. United's pay scale tops out at about \$160,000.

Morse said that the Continental union had crafted its pay bands "in the hopes of leveling the playing field and attempting to thwart our predominantly large, wide-body fleet." Pierce accused United of trying to carve out a special status for its Boeing 747 jets.

Inflaming matters, according to United leaders, were comments by Jayson Baron, who leads Continental pilots at its Newark, N.J., hub. Addressing a September meeting of leaders from both unions, Baron allegedly threatened to "hold up negotiations for years" and keep United pilots tied to a bankruptcy-era contract they consider draconian unless they agreed to Continental's proposed pay bands.

Baron didn't return a phone call, and a spokeswoman for the Continental pilots declined to comment, saying, "We're keeping this within the union."

Labor consultant Jerry Glass said that matter was probably best left to ALPA's national office, especially since recently elected union chief Lee Moak, of Delta, engineered the 2008 pilot deal with Northwest.

"The union has been incredibly creative over the years in resolving exactly that kind of dispute," said Glass, a former US Airways executive.