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Deregulation and Airline Employment: Myth Versus Fact

by Robert J. Andriulaitis, David L. Frank, Tae H. Oum and
Michael W. Tretheway

The first thing one notices when looking through this book are the enormous number of tables and graphs provided. The authors have gone to great length to present "the facts" on air labor. The authors point out that there is a lack of agreement as to what were the effects of the *Airline Deregulation Act of 1978* (ADA) on labor in the U.S. airline industry. The major goal of the book is to let the record speak for itself. The one important proviso is that it is impossible to attribute changes in the labor market solely to deregulation since a number of intervening variables have also influenced the air labor picture, such as the recession of 1980-1982.

The first task of the book was to lay down the data, gathered from both government and industry sources. These revealed that employment levels climbed immediately following the institution of the ADA, continuing the pre-1978 trend, fell during the recession of the early 1980s and began to climb again in 1983. The net result was that in 1985, the last year for which data were presented, employment was slightly above the 1978 level. The authors showed that the changes in employment were not uniform across the industry, with employment growth for the major carriers slower than growth for the smaller, national carriers and for the new entrants into the industry. The authors also indicated that a large percentage of the jobs created were only part-time positions. Although the human costs of the job disruptions following the institution of the ADA were acknowledged, no attempt was made to quantify these costs.

With respect to compensation, the authors demonstrated that real average compensation per employee was slightly lower in 1985 than in 1978. This was due in part to lower-than-industry-average wages paid by the new entrants and to the increase in the percentage of part-time workers in the industry. Real wage losses were not shared equally by all airline employees. Airline pilots and flight attendants actually achieved real

wage gains, while other workers, such as mechanics, experienced wage declines.

Finally, labor productivity, as measured by revenue-passenger-miles per employee, was much higher in 1985 than in 1978. The growth in productivity after 1978 continued the gains experienced before deregulation.

In the second part of the book, the authors presented claims made by various interest groups as to the effects of the ADA on air labor. An attempt was made to reconcile these claims with the data gathered by the authors. In a number of cases, the authors showed how the statistics were selectively used by the interest groups in order to substantiate their positions. Carefully choosing the before and after dates for comparing employment or compensation levels, in order to produce the largest changes, was a commonly used tactic. A table listing a long number of claims and the drawbacks of each of these claims provided a clear picture of the tactics used by the special interest groups.

The final section of the book compared the U.S. air labor market with the market in Canada. The Canadian airline industry was not deregulated as of 1985. The authors showed that the U.S. industry outperformed the Canadian industry in terms of productivity growth from 1978 to 1985. Compensation increased faster in Canada but remained well below compensation levels in the United States.

Overall, this book provides a valuable contribution to the debate over the costs and benefits of airline deregulation. Although the authors did not present conclusions as to the effects of the ADA on air labor, they have succeeded in letting the facts speak for themselves.

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