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American's View: We Must Remain Competitive

by Rob Britton

The 90,000 employees of American Airlines and American Eagle are delighted that President Clinton intervened to prevent a strike by the Allied Pilots Association (APA). A strike would have inflicted enormous damage on our employees, our customers, the communities we serve, and our nation's economy.

Negotiations between the APA and American have gone on for nearly three years. The members of the Presidential Emergency Board will now study both positions and will make a settlement proposal. American hopes the board's proposal will be one both parties can accept. It is time to put this long-running dispute behind us.

There have been many opportunities for settlement. The tentative agreement negotiated by American and the union last September was the best contract in the airline industry; unfortunately, the union's members rejected it in January. Just prior to the midnight deadline last Friday, a federal mediator presented a package that American was willing to accept; again, the union rejected it.

The airline industry is intensely competitive. Fares drive consumer choice, which means that every airline must match its competitors' offerings. American cannot do that--and earn sufficient profits to attract the huge capital we require--if our costs are dramatically different than those of other carriers.

The APA's wants pay rates substantially above our highest-cost competitors, and seeks to deny American the right to have American Eagle, our regional affiliate, operate small jets. The union has repeatedly threatened to strike to impose its will.

Accepting the union's demand will make American non-competitive. A strike will cost upwards of a billion dollars a month and threaten American's very existence. If ever there was a Hobson's choice, this is it.

American's pilots are already the best paid in the airline industry, and either the contract they rejected last month or the mediator's last proposal would add additional pay and benefits. We simply cannot give them all that they want and remain the successful competitor our customers, our employees, and our shareholders want and expect us to be.

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