

Cathay Pacific Pilots on the Brink

Does ALPA Have a Dog In This Fight? (Or Is Their End Of the Titanic in the Water)

Air Line Pilot, May/June 2002, p.20
By George E. Hopkins

The pilots of Cathay Pacific Airlines are in a world of trouble. They live under threat of summary firing, in a culture where the raw exercise of corporate power is not only normal, but also government policy.

Imagine this. You check in at Frankfurt, Germany, to fly the return trip to Hong Kong in your B-747. But you can't get through security with the rest of your flight crew. Your ID card is invalid. Puzzled, you contact the local flight manager, who hands you a DHL express letter. You've been fired!

Thunderstruck, you learn that while Cathay Pacific does not question your competence as a pilot, management has "lost confidence" in you as a person. Under Hong Kong law, that's all the justification needed. Hong Kong has no Railway Labor Act. Cathay Pacific denies redress under contractual "Disciplinary and Grievance Procedures," so you have no appeal. Cheerio, old top!

The Cathay Pacific pilots' fight is the same fight pilots have been fighting since the days of wooden wings, and will almost certainly continue to fight if a sub-orbital future ever arrives.

Cathay Pacific "sacked" 49 of its 1,500 pilots on July 9, 2001; hence, they are known as "the 49ers" (though total dismissals and downgrades have raised their actual number to 62). About half of the fired pilots were captains, 5 percent of the total pilot group. But of the 25 officers of the Hong Kong Aircraft Officers Association (HKAOA), 9 were fired, including four of the seven union negotiators.

"The firing was pure intimidation, a union-bust straight up, designed to be random enough to put the fear in all pilots that they might be next, no reason given," says Capt. Nigel Demery, president of the HKAOA (and also Hong Kong-ALPA, the IFALPA affiliate of all Hong Kong-based flightcrew members.)

Soft-spoken and articulate, the British-born Capt. Demery (a former Royal Air Force Jaguar pilot) was not among the "49ers," but in committing his union to their reinstatement, the B-777 senior captain put his own 14-year career at risk. Displaying solidarity, the Cathay Pacific pilot group voted a five-fold dues increase to financially support their fired colleagues.

It was a gutsy act, considering the situation Cathay Pacific's pilots faced. Shortly before this mass sacking, the HKAOA had embarked on a limited industrial action (LIA), a tactic known to U.S. pilots by various acronyms, such as W.O.E. (withdrawal of enthusiasm), which meant "working to the book," honoring their contract and no more. This pinched Cathay Pacific, because like many other airlines trying to finesse the pilot shortage, it relied on "voluntary" overtime to offset chronic understaffing.

Does ALPA have a dog in their fight? First, a little history.

At the end of World War II, a couple of former "Hump" pilots, an American, Roy Farrell, and an Australian, Sydney de Kantzow, founded Cathay Pacific with one DC-3. It was a real "pilot's airline," which set the gold standard in Asia for pay, crew rest, and collegiality.

Cathay Pacific grew into a globe-spanning airline, a multibillion dollar enterprise employing 14,000 people. But in the process, it was gobbled up by the Swire Group, a multinational conglomerate originally known as Butterfield & Swire, whose roots go back to the days of the opium trade in 19th century China.

"Swire's a ruthless antilabor outfit," says ALPA's first vice-president, Capt. Dennis Dolan (Delta), who in his IFALPA role—principal vice-president for professional affairs—has worked closely with the HKAOA. "But the pilots are not rolling over; and given the legal conditions they face in Hong Kong, which were bad enough under the British and are even worse since the Chinese handover, they are making the most of the weapons available to them."

The Cathay Pacific pilots' fight is the same fight pilots have been fighting since the days of wooden wings, and will almost certainly continue to fight if a sub-orbital future ever arrives. Management always wants more work for less pay.

Cathay Pacific's pilots are predominantly Australian, Canadian, and British, with a sprinkling of other nationalities, including a fair number of Hong Kong Chinese.

Safety issues aside, pay cuts threaten these pilots with disaster because they are mostly expatriates who were enticed to Hong Kong, probably the most expensive domicile in the world, with a pay package featuring allowances for the high cost of living. Displaying the "managerial mentality" so typical of pilots worldwide, they have, in the past, made concessions when necessary for their airline's survival.

But these sacrifices earned no gratitude when the world economy improved in the mid-1990s. Cathay Pacific's formerly benign management had changed, and a new breed remarkably like Frank Lorenzo demanded further concessions. An old adage holds that history repeats itself—first as tragedy, then as farce.

Given the pilot shortage of the mid-1990s, Cathay Pacific's pilots were shocked. In June 2001, the HKAOA launched the limited industrial action that provoked the 49ers' July sacking. The key to understanding Cathay Pacific's aggressive response lies not only in the new Lorenzo-style managerial techniques of CEO David Turnbull (see "Return to Hong Kong—Four Decades Later," page 22), but also in the circumstances of the British handover of Hong Kong to China in 1997.

The international labor movement has historically been strongly anticommunist (despite what conservative politicians and pundits mistakenly think.) In dictatorships, "real" unions (as opposed to the toothless state-sponsored kind) are always savagely suppressed. Lech Walesa's unionized shipyard workers in Poland may have triggered the fall of European communism. Today, however, even talking about forming a union can land a Chinese worker in prison. In short, labor policy in these "worker's paradises" would gladden the heart of the most rabid union-hater. Small wonder that politicians like Richard Nixon got along so well with Soviet and Chinese Communist leaders. The elder George Bush was no exception. His strong support for trade with China (over labor's opposition) helped fuel the domestic resentment that opponents used to unseat him in 1992.

To Cathay Pacific's pilots, the situation didn't add up. The company had recovered from a 1998 loss of HK\$542 million (US\$70 million—the first loss in its history, caused by the Asian financial crisis of 1997), earning profits of HK\$2.2 billion in 1999. Cathay Pacific's pilots justifiably believed they deserved a raise, not pay cuts. They began planning a strike—their first ever.

Answering the Cathay Pacific pilots' call for help, Capt. Kevin Dillon (United), ALPA Group A executive vice-president, visited Hong Kong in May 2001 to assess their situation and advise them. Capt. Dillon understood the crisis at hand, for he had played a key role in United's 1985 strike. He suggested that owing to the Delta pilots' more recent "industrial action" experience and the

historical similarity of their two airlines' labor-management relations, they ought to advise Cathay Pacific on "family awareness" and other strike preparation.

Preemptively, Cathay Pacific announced it would fly through a strike and leased 17 Airbus widebodies (plus replacement crews) from China to back up its threat. Turnbull, in a move reminiscent of Lorenzo in the 1980s, had already broken the Cathay Pacific mechanics' union in 1997 and outsourced maintenance to mainland China.

Ominously, a decade earlier Swire had sold a substantial share of the airline to something called CITIC, which stands for "China International Trade and Investment Corporation." This is mainland China's government-owned commercial arm, and no friend of labor. Thus Cathay Pacific had hedged its bets against the communist future. So even if 9/11 had never happened, Cathay Pacific's pilots would have been playing against house odds.

"The Cathay pilots were not psychologically ready to strike when management took the 49ers hostage," says Capt. Dolan. "But their cause is not hopeless. The pilots have deep pockets, and their guerilla tactics are hurting the company. IFALPA has imposed a worldwide training and recruiting ban, and the international labor movement is calling in its political chips to pressure the Hong Kong government. Cathay Pacific suffered less than most airlines after 9/11 and wants to expand, but the IFALPA ban has made qualified pilots leery. We recommend that furloughed Delta pilots not even interview."

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— Capt. Denny Dolan, ALPA First Vice-President**

Capt. Demery made similar points at pilot "focus groups" in Hong Kong, citing Sun-Tzu's classic, *The Art of War*, in justifying the union's decision to fight management from the cockpit. Mindful that many angry Cathay Pacific pilots want more drastic "industrial action" (a strike), he says, "When conditions change, we must adapt our tactics. The world has changed since 9/11."

Capt. Demery has faith in the pilots' sense of solidarity and believes steady pressure will eventually force David Turnbull to come to his senses. Nine months into the crisis over the 49ers, Capt. Demery notes that the union's membership has actually increased and that morale remains strong. The 49er sacking has also paid an unexpected dividend.

"Having a pool of pilots available for tasking has been enormously beneficial," Capt. Demery says. "We now have helping full-time in the Association office 49ers who are experts in accounting, administration, communications, government policy, local and international law, politics, research, and video technology, in addition to a myriad of computer-based skills."

Because Capt. Mike Donatelli (Delta) had chaired ALPA's most recent full-blown strike preparation at Delta, he volunteered to serve as ALPA's liaison to the HKAOA, which pays "fee for service" to ALPA and picks up the cost of Capt. Donatelli's dropped trips. He was present when the 49ers were sacked and believes ALPA has a stake in their fight.

"[ALPA's president,] Capt. Duane Woerth, understands that the threat of cabotage is very real in this fight and that it will increase if Turnbull succeeds in breaking the Cathay Pacific pilots' union," says Capt. Donatelli, a retired USAF (Reserve) lieutenant colonel. "They've successfully integrated a multinational pilot group that is scattered all over the world, and their family awareness program is impressive. They shouldn't have to strike to get the 49ers back. Their solidarity is very good, and international pressure is building."

Why should ALPA members care about this far-away conflict affecting pilots who speak accented

English and use terms like "rostering" instead of "seniority"? These are not just good pilots who've been done an injustice.

One of the 49ers, First Officer Drew Searle, could easily pose for an Australian tourism poster. After 12 years in the Royal Australian Air Force (RAAF), during which he flew the Aussie equivalent of Air Force One and was Aide-de-Camp to the Governor General (their President), F/O Searle joined Cathay Pacific as a B-747 first officer in 1995.

"None of the 49ers were troublemakers or deserved to be dismissed," says Capt. Demery. "The firing was a PsyOps tactic carefully scripted by a consulting firm that busts unions as a specialty."

But the world's full of injustice and tragedy, so how does this one situation affect a typical U.S. pilot—ALPA member or not?

"Foreign airlines that pay low pilot wages are more likely to seek entry into the U.S. domestic market," says Capt. Dolan. "That's why it's in our own interest to help pilot groups like Cathay Pacific by rousing public opinion, and also by using political influence and expertise on the pilots' behalf."

As Henry Weiss, ALPA's long-time legal counsel, once put it: "Capital knows no nationality. It knows only profit."

Like his father, the current President Bush is unapologetically antiunion. (See "Pilots, Republicans, and Labor," *Flying the Line*, Vol. II, for the senior Bush's support of Frank Lorenzo.) George W. Bush is also committed to economic globalization, an integral part of which requires abolition of foreign ownership restrictions on U.S. airlines. Since ALPA's beginning, these legal restrictions are all that have prevented U.S. domestic aviation from going the way of the U.S. merchant marine. This form of "back door cabotage" threatens every U.S. pilot, raising anew the specter of "flags of convenience," which kept Dave Behncke and the Old Guys awake nights.

ALPA was built on the principle of "unity across company lines." Equal pay for equal work, regardless of a pilot's airline, underlies this principle. What does the globalized future hold?

If an ounce of prevention is worth a pound of cure, then ALPA's support for pilots resisting degradation of their wages and working conditions might be cheap medicine indeed.

Perhaps the dogfight's about keeping both ends of the *Titanic* dry.

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Return to Hong Kong—Four Decades Later

Being treated like an international celebrity is fun.

When Capt. John "Curly" Culp of Delta asked if I would talk to the Cathay Pacific pilots, who were "great fans" of my books, I agreed. Talk's mostly what professors do.

So on March 9, my wife Elaine and I touched down in Hong Kong for the first time in 39 years. In 1963, we spent a week of R&R there, courtesy of Uncle Sam.

A pilot with a classic Australian accent (nameless because of the climate of intimidation) escorted us to the Hong Kong Marco Polo Hotel. We needed rest after United's nonstop flight from O'Hare (which is billed the world's longest).

Recovering from jet lag by doing touristy things, we took a day trip to the city formerly known as Canton (something we couldn't do when it was behind the Bamboo Curtain) and tried to watch the harbor again from the Peninsula Hotel bar in Kowloon. But new construction built on landfill now blocks that once-famous view.

Air pollution is serious. The view from atop the Victoria Peak Tramway was smog-obscured throughout February, raising news media alarm over its effect on tourism. The smog comes from mainland China, where pollution controls on industry do not exist.

Cathay Pacific's pilots mostly live in the expatriate community on Lantau Island, far enough out to lessen the effect on their children's health, a little. Even if IFALPA had not banned pilot recruitment at Cathay Pacific, I would warn any pilot with children about accepting a job there.

The Cathay Pacific pilot group is an extraordinarily capable bunch, likeable, gregarious, "shrimps on the barbie" types. They're well-read and articulate, interested in history generally, not just ALPA's.

The radicalization they've undergone resembles the similar awakening of United's pilots in the 1980s and Delta's in the 1990s. Cathay Pacific's pilots are quick to draw parallels between Frank Lorenzo and David Turnbull, the "Swire Prince" whose assault on their wages and working conditions has destroyed what was once the premier pilot job in Asia. A "Swire Prince" is a "comer" in that corporation's fiercely anti-union executive ranks.

During two lengthy "focus groups" with Cathay Pacific's pilots, I was amazed at their knowledge of ALPA's history. Comparisons of Lorenzo and Turnbull prefaced many questions. "Why do they do these things, so unnecessary and counterproductive?" was the recurrent theme. This rhetorical lament has a long history, as does the puzzling behavior of managers whom Cathay Pacific pilots call "pilot haters."

Why can't the Lorenzos and Turnbells of the world learn that warring on pilots, the most cooperative, management-oriented unionized workers in the world, is unwise? Did Lorenzo's destruction of ALPA at Continental benefit him? Continental's back in ALPA, and Lorenzo is disgraced—gone like Eastern, thanks to his own incompetence, documented by the bankruptcy court.

Many Cathay Pacific pilots are Aussie refugees from Ansett Airlines. In 1989, Ansett broke its pilots' union. Cathay Pacific's pilots are aware of the similarities between Sir Peter Abeles and Frank Lorenzo, between Prime Minister Bob Hawke and the senior George Bush. Management "won" both disputes, but with the same result. Ansett ceased to exist in February 2002, despite its nonunion pilot force. History repeating itself again—first as tragedy, then as farce.

Perhaps history's "lesson" is that any manager who can't find common ground with pilots, who have far more at stake in the success of their airlines than any manager ever will, cannot successfully manage an airline under any circumstance—unionized or not. Call it a "marker for failure," and you're not far off the truth.

After meeting with nearly 200 Cathay Pacific pilots and their families, I'm more than ever convinced that Capt. Merle "Skip" Eglet (Northwest, Ret.) was right when he said: "If I live to be a hundred, I'll never understand why Lorenzo did the things he did."

Cathay Pacific's pilots are no closer to understanding Turnbull.—*GH*