

The airline industry labor relations and deregulation

Law



The airline industry in the U. S. A was deregulated in 1978. This was done so that the industry could cause more room for competition and opens more airline routes. Since then, there have been pros and cons in deregulating the air industry. Deregulation brought about the hub and spoke system. This system centered air travel on several centralized locations. It resulted in higher costs for industries which resulted in lower wages and pensions, hence making the working environment much less profitable and desirable. In addition, many airline workers lost their jobs due to a reduction in flight numbers operated by an airline company. Between 1978 and 1985, wages for airline mechanics fell significantly. Deregulation led to increasing of computerization in the air industry. This was commonly used in cutting down transaction costs on the airline industry. It led to massive unemployment since computers replaced most of the human labor (Kaps, 15).

One of the major benefits of airline deregulations was the fact that employees who had lost their jobs during the deregulation phase, enjoyed greater unemployment benefits that were provided to them in the 1978 Act. This was included in order to appease the workers. On the other hand, airline companies improved benefits for their customers while increasing competition among airline service providers (Kaps, 18). Airline labor union bargaining powers became reduced after the deregulation.