Northwest Settlement Essay, Research Paper

Northwest Settlement Reached

Northwest Airlines and its mechanics agreed to a tentative contract settlement, potentially ending more than four years of talks that ultimately led to White House intervention.

The two sides emerged early yesterday with a four-year contract that would make Northwest s mechanics the highest paid in the industry. If the 9,975 Northwest mechanics, cleaners and custodians represented by the Aircraft Mechanics Fraternal Association vote to approve the contract, something that is uncertain, the airline would not enter another labor negotiation until next year. United Airlines, American Airlines and Delta Airlines, which are Northwest s biggest three rivals, are also facing potential strikes.

Northwest agreed to increase the pay for a senior mechanic more than 24 percent, to $29.95 an hour when a contract is signed, and rising by the fourth year to more than $33 an hour. License premiums, extra hourly fees based on mechanics training, were also increased above the previous offer and will for the first time be included in calculating overtime. In addition the airline also agreed to increase pension payments by 112 percent and raise its offer of retroactive pay to $88 million from $41 million. That amounts to an average lump-sum payment of $10,000 for all mechanics.

Management and the mechanics negotiated a side agreement to extend the life of the three-member presidential board for 30 days. According to that agreement, which requires White House approval, the board would issue a recommendation only if union members rejected the tentative contract. The two sides would then have 30 days to negotiate before the union could strike, or a settlement could be impose by Congress.

Richard Anderson, Northwest s chief executive, and Douglas M. Steenland, its president, called the agreement fair and equitable and said it would enable the airline to continue growing in an extremely competitive marketplace . In 1998 a tentative agreement between the two sides was voted down. Therefore the workers choose different representation to the Aircraft Mechanics Fraternal Association, a small independent union representing fewer than 2,000 mechanics at other airlines.

In February after 100 days of talks an impasse was declared by the National Mediation Board and recommended government intervention, something that has not been done since the early sixties. President obliged the intervention and said he would take the steps needed to avoid any airline strike this year. That raised protests from unions and criticism from labor experts, who said that the move would undermine the collective bargaining process by removing the pressure of a potential strike. In the end, it appears that the prospect of such intervention put pressure on both sides to reach their own agreement.

In conclusion this feud will not end until both parties sign a contract that will make both parties binding to agreements stated in the contract.