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Converging on strike revisited: Deregulation and the rise of low cost employment regimes in the European airline industry

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Dieter Plehwe

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Deregulation and the rise of low cost employment
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Discussion Paper

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CONVERGING ON STRIKE REVISITED:

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Abstract

Converging on strike revisited:

Deregulation and the rise of low cost employment regimes in the European airline industry

by Dieter Plehwe

Airline industry restructuring proceeded in high gear following the 9/11 attacks, which triggered a global air transport crisis in the beginning of the new millennium. European (network) legacy carriers have been reorganizing to meet low-cost challengers in European and new competition in global markets. The focus on employment relations and cost-oriented human resource management (HRM) has already been discussed back in the 1990s, pitching industry-level convergence arguments against diversity accounts on the one hand, and featuring different understandings and methodologies of comparative industrial relations (IR) on the other hand. A final comment to a controversy in the European Journal of Industrial Relations of 15 years ago pointed to the neglected dimension of increasing tensions and labor conflicts in the earlier debate, and thereby addressed an important commonality in the European industry's development during the late 1980s and early 1990s.

This article revisits the debate to eventually treat the argument of convergence on strike as a set of hypotheses to be tested for the time after 1995. Apart from overall confirming the pattern of a high propensity to labor conflict in the airline industry I concur with Gall (1996) that the causes for relatively high levels of conflict can change over time. A better understanding of the reasons for the latest convergence on strike (2000s) is therefore considered the next frontier with evidence suggesting an overall growing segment of low-cost employment relations to explain the most recent waves of labor conflict and the cross national variation of employment relations in the industry.

Keywords

Airline industry, deregulation, human resource management, employment relations, industrial relations, low-cost model, collective action, convergence

Zusammenfassung

Wiederaufnahme der Debatte zur Konvergenz über Streiks.

Deregulierung und der Aufstieg der Niedrigkosten-Arbeitsregimes in der Europäischen Luftfahrtindustrie

von Dieter Plehwe

Die Angriffe vom 11. September 2001 in New York führten zu einer globalen Krise im Luftverkehr, in deren Folge sich erneut eine starke Restrukturierung der Luftverkehrsbranche vollzogen hat. Die traditionellen europäischen Netzwerklinien reorganisieren ihre Organisationsstrukturen, um auf die doppelte Herausforderung von Niedrigkosten-Fluglinien und neuen globalen Wettbewerbern zu reagieren. Der erneute Fokus auf Beschäftigungssysteme und kostenorientierten Personaleinsatz (Human Resource Management, HRM) wurde bereits in den 1990er Jahren diskutiert, wobei unterschiedliche Autoren Argumente für sektorale Konvergenz und anhaltende Divergenz in der Luftfahrtbranche ins Feld führten. Gleichzeitig offenbarte diese Debatte unterschiedliche theoretische und methodische Schwerpunkte der vergleichenden Forschung zu industriellen Beziehungen. Ein abschließender Kommentar zu einer Kontroverse, die in der Zeitschrift *European Journal of Industrial Relations* vor knapp 20 Jahren ausgetragen wurde, wies auf die in der Debatte bis dahin vernachlässigte Dimension zunehmender Spannungen und Konflikte im Arbeitsverhältnis hin. Damit wurde ein spezifischer gemeinsamer Aspekt in der Entwicklung der europäischen Luftverkehrsbranche während der späten 1980er und frühen 1990er Jahre angesprochen.

Der vorliegende Beitrag rekapituliert die Debatte, um das Argument einer Konvergenz im Hinblick auf Arbeitskonflikte mit verschiedenen Hypothesen für die Zeit seit 1995 zu testen. Abgesehen von einer allgemeinen Bestätigung der anhaltenden Konflikthaftigkeit wird Gall (1996) dahingehend zugestimmt, dass sich die Ursachen für hohe Streikanfälligkeit im Laufe der Zeit wandeln können. Die neue Forschungsanforderung liegt in der Erklärung der erneut hohen Konfliktintensität im vergangenen Jahrzehnt, wobei diese wesentlich auf die Expansion von Beschäftigungsmodellen zu niedrigen Kosten zurückgeführt wird.

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1) Introduction: Converging on HRM and strike revisited

Recent airline industry developments indicate a level of volatility and dynamic restructuring reminiscent of the earlier period of deregulation in the European Communities (late 1980s, 1990s). After the global air traffic crisis following the 9/11 attacks in New York in 2001, we have seen a spate of bankruptcies, mergers and acquisitions as well as quite spectacular growth of the low-cost segment in the European airline industry (on general industry developments compare: Dennis, 2009; Belobaba et al., 2009). Unsurprisingly perhaps given the additional industry turmoil due to the global financial crisis, we also currently observe a startling number of labor conflicts in the airline industry across Europe. Travel agency alerts passed on to business customers nowadays include information on upcoming strike action on a perfectly regular basis.¹ Has the recent wave of troubles in the airline industry been unusual, or do we notice the latest wave of a symptomatic pattern of the industry's industrial relations and employment regime? If the latter is true we can ask if the reasons for a high propensity to labor conflict are similar in the different countries and across (recent) times? Or can we observe changing patterns of causes nevertheless producing a similar outcome of rocky labor relations in the various companies? Following up on Gall's (1996) observations of a convergence on strike in the European airline industry we will check if his take on the industry's evolution was right, holding up for the decade following the transition to deregulation turmoil from the mid-1990s to the mid-2000s. We agree with Gall furthermore in thinking that the reasons for a high propensity of conflict are likely to change over time and propose to think of the whys and wherefores determining the ongoing labor struggles in the industry as a next frontier in airline industry research. We will argue that the transnational expansion of a variety of low cost models constitutes the prime factor behind the high level of strife and struggle we can observe since the 2000s. Scholars pointing to a new variety of labor management partnership Airlines in the U.S. in particular) to be found in the industry alongside anti-union strategies (Bamber et al., 2009) observe important differences between companies in the new age of integrated airline markets, but fail to emphasize the common ends to which different means are employed.

The paper is structured as follows. We will first revisit in section (2) an important debate on convergence and divergence in the airline industry that took place in the mid-1990s. We will link this debate to the wider discussion of changes in employment relations and HRM to ascertain the existing knowledge and competing perspectives on restructuring and labor relations, which informs our argument. Section (3) will lay out competing hypotheses to be tested with the

¹ More than 20 of the thirty newsletters distributed by the travel agent between January and August 2012 announced walk outs or threatened strike activity in European countries including Spain, Portugal, France, Norway, Germany, the Netherlands, UK (FCM News 2012-2013, various issues). Unfortunately, no comparable service was provided before 2012, which is why we will have to rely on traditional sources on labor conflicts in the detailed analysis below.

empirical strike data collected on the period 1995–2006 replicating Gall's (1996) method. The time frame is primarily due to data limitations. But we will draw on later strike events and data compiled in different ways to back our argument of another period of convergence of strike. Based on the results of the empirical analysis, which show a high level of strike activity throughout the 1990s, a certain slowdown in the first half of the 2000s followed by a resurgence of labor conflicts, the first half of the 2000s are probably best considered to be a transition period regardless of relatively high levels of conflict throughout the first decade. The latest intensification of labor conflicts across the industry needs explaining that is different from the causes of the 1990s. Section (4) compares company data of legacy and low cost carriers to this end. Based on longitudinal company data we argue that competitive pressure from low cost carriers is likely to be the major reason for the high propensity to labor conflict in most recent years. We show the extent to which companies that exhibit different employment models are pushing the industry as a whole to transform traditional national employment models into a new model of patterned variation. We conclude the paper in section (5) suggesting that the evolution of the European industry will differ somewhat from the United States because of stronger trade unions and remaining elements of regime competition in Europe's integrated airline market. The resulting model of labor relations overall will still be closer to a low cost model than to the legacy carrier past unless a comprehensive effort of trade unions will advance a new approach across companies, borders and job categories.

2) Convergence, continuing divergence, or transnational transformations?

Nearly twenty years ago the European Journal of Industrial Relations witnessed a lively debate on European airline restructuring in response to national and European deregulation discussing the impact of reorganization efforts on employment relations. In the course of this debate, three arguments were laid out: 1) industry convergence on the HRM model, 2) continuing divergence due to the industry's monopoly character and resulting firm discretion 3) a convergence on labor conflicts indicating substantial transformation that does not fit either convergence or divergence arguments. We will recapitulate the arguments in some detail to ascertain the level of discussion and different perspectives on airline industry developments reached by the mid-1990s.

Warhurst (1995) observed many efforts of different airlines designed to turn quality-oriented employment relationships into more cost-sensitive relationships in the first half of the 1990s. This shift in airline labor strategies corresponded to the new emphasis of price competition that seemed to replace the focus on service competition in the previous age of regulated air transport. Airline management attempted to increase productivity, and introduced different flexibility schemes to this end. The target of a higher level of functional flexibility of core employment

was complemented by an increase in numerical flexibility in peripheral employment. Contracting out and transfer of certain elements of the air service production chain to foreign locations were among the features used by different companies. The turn toward leasing of aircraft and crew at the same time introduced a new dimension of financialization to airline labor relations that can be generally characterized by increasing variation compared to the previously comprehensive national (collective bargaining) system of predominantly public employment in the airline industry (Warhurst, 1995).

Warhurst's observations roughly fit the more general "variation due to decentralization" argument made by Katz and Darbshire (2000), although Warhurst did suggest British Airways to possibly constitute a best practice model other airlines were likely to emulate. Katz and Darbshire instead argue both against convergence on one model in their study of automobile and telecom industries in seven advanced countries, and against the path dependent continuity of national systems (divergence of national systems). Increasing variation of employment relations both within unionized and non-unionized segments of the industries studied strongly challenge the explanatory value of a prevailing national (or homogeneous) system perspective (compare also Locke, 1992). A common feature was the decline of trade unions in the different countries; albeit uneven decline to be sure. The resulting regime comprises of what might be best described as patterned heterogeneity; the new mosaic of employment relations may still differ across countries for various reasons, but it does feature similar patterns² and, more importantly, it is systematically different from the more homogeneous national pattern of the past. "Since 'a general phenomenon must have equally general causes', comparison undermines the purely local explanations" writes Sewell (1967, p. 210) citing Annales School historian Marc Bloch.

Greater precision at the local level and a unit of comparison focus thus can come at the expense of recognizing a larger picture like the rise or transformations of capitalism in general or changes in employment and industrial relations' regimes in particular. The intervention of Blyton and Turnbull (1996) provides a good example for this problem of a comparative method dedicated to more carefully compare specific units in order to (correctly) detect differences.

Blyton and Turnbull (1996) attacked Warhurst's (1995) convergence argument and challenged his approach to comparative research seemingly focused on one resulting model at the expense of a more careful comparison of cases. The authors argued that Warhurst exaggerated the causal weight of competition as an external force driving change in a similar direction across cases. According to them, airline deregulation had been a managed process of change mostly under control of firms

² The evolution of the employment relationships displays strong moments of "directional similarity" (Mayrhofer et al., 2011). Due to the more decentralized patterning of employment relations, management with or without trade union involvement is found to organize different, but rather typical clusters that can be roughly divided in the four major types: low-cost, HRM, Japanese-oriented and joint-team based (Katz and Darbshire, 2000, p. 10). "If common trends are apparent in countries seemingly so dissimilar, then the probability is great that these trends are more general." (Katz and Darbshire, 2000, p. 2).

with characteristics of monopoly capital. Since deregulation did drive most if not all firms to adopt some of the approaches described by Warhurst, but also includes strategies beyond simple cost-cutting, the pressure of competition would have to explain different, and seemingly contradictory outcomes according to the authors. Blyton and Turnbull (1996) suggest starting the analysis from the regulation of labor relations at different (macro and micro) levels instead to better explain the continuing diversity resulting from much greater space of manoeuvring available to management and due to the role of employee representatives and trade unions than implied by Warhurst (1995).

Blyton and Turnbull (1996) are also backed up to a certain extent by the more recent investigations into the diversity of airline labor relations at the firm level presented by Bamber et al. (2009a, b). Apparently at odds with both a convergence model and the varieties of capitalism (VoC) model as developed by Peter Hall and David Soskice (2001), the most successful new entrant in the U.S. industry, Southwest Airlines, relies on a social partnership approach considered typical for coordinated capitalism like Germany or Sweden (Bamber et al. 2009a). In Ireland, Ryanair instead seems to fit the expectations of the Anglo-Saxon model featuring a tough anti-union and cost-cutting approach to labor, although Irish Air Lingus clearly leans toward partnering with unions despite the reinvention of the legacy carrier as a low-cost airline. Bamber et al. (2009b) like Blyton and Turnbull (1996) suggest that airlines continue to have room for the development of individual strategies – in spite of an undeniable influence of societal institutions that shape management approaches to labor and trade unions – to a certain extent – in each country.

The sort of weak institutionalism Bamber et al. (2009b) present appears to reduce the theoretical insight of the statement “institutions matter” to a sort of truism like history matters or culture matters. In the realm of the HRM convergence debate, Gooderham and Brewster (2008) moved beyond such a weak institutionalism argument by way of observing a movement of practices in some countries (like Sweden and Germany) toward HRM models that are more typically to be found in the UK and also in France. The authors distinguish different kinds of convergence: The adoption of a U.S. or Anglo-Saxon Model of HRM, or the emergence of a new kind of European HRM. The findings of their longitudinal analysis in the four countries lead them in any case to reject the continuing divergence argument, and also to consider the partial adoption of Anglo-Saxon HR practices to constitute the major reason for German, Swedish, and French practices to all embrace HRM management British style to a greater extent than before. Like Bamber et al. (2009b), they also point to the continuing explanatory power of national institutions in the case of Germany in particular. But the authors move closer to the recognition of the arguably most important, yet mostly neglected aspect of the debate, namely the issue of national and supranational institutional change. If the German, Swedish and French institutional landscape important to HRM practices is subject to greater change than the British institutional context, the changing dynamics of interaction between firms and certain institutional dimensions at local, national and European levels (Sisson,

2001; compare Djelic and Quack, 2003) and between firms and institutional dimensions at sectoral level (Quintanilla and Ferner, 2003) need to be looked, and certainly cannot be deduced from a national model or a stylized firm or industry structure.

If traditional varieties of capitalism models were keen to contrast firms based on national institutional configurations, the airline industry appears to have become an important case of contrasting odd or atypical cases pitching Ryanair against Southwest (and even Air Lingus in the same country), rather than USA against Ireland, or UK against Germany. In airline industry studies, the national system in any case seems to be different from the national variety, traditional style.

Although the relaxation of the assumptions of strong national institutional determination of employment and/or industrial relations certainly is a step in the right direction if national systems simply are not as coherent as suggested by some traditions of comparative capitalism scholarship, trouble with the argument remains: how do we account for the national institutions that still matter and those that do not, or do we actually need to look elsewhere for institutions that matter (above, below, across, or beyond the national realm)? Certain elements of common industry and company developments beyond Warhurst's (1995) observations are simply not addressed by way of refining the picture of diversity at company level under consideration of a remaining relevance of national institutions. Insistence on company diversity also appears to avoid asking the crucial question of

- a) why a more solid (national) pattern of the past seems to indeed have been dissolved to a certain extent over the last 20 years or so in the airline industry much like in other former public sector industries (e.g. the postal industry)? And
- b) what possibly does explain the rise of new patterns that do not fit traditional conceptions in any particular country?

While loosening up a deterministic approach to institutionalism at the national level certainly can thus be considered a step in the right direction (compare Streeck and Thelen, 2005), the approach still falls short of using the comparative method to investigate (common) causes of change and elements of new social order(s) arising out of the institutional ashes of the past (Fordist/public enterprise/welfare state) era (compare Bloch, 1953[1928])³.

³ The notion of "monopoly capitalism" invoked by Blyton and Turnbull (1996) to explain corporate discretion in fact appears to suffer from a similar lack of recognition of historical contingencies as the stylized model approach for which they attack Warhurst (1995). Although a comprehensive survey of 52 airlines over a two year period (1997-1999) completed by a group of scholars including Blyton and Turnbull yielded strong evidence for a negative impact from airline strategies across the industry with regard to hours of work and earnings (more than 50 percent), with regard to job satisfaction and management-labor relations (more than 60 percent), and with regard to job security and work intensity (more than 70 percent) the authors continue to emphasize divergence in the discussion of the findings (Blyton et al., 2001). In slight

Back in 1996, a third contribution to the discussion by Gall (1996) did challenge both Warhurst (1995) and Blyton and Turnbull (1996) by way of directing attention to a dimension in the airline labor relations regime avoided by the previous contributions to a greater and lesser extent, respectively. Gall observed a high propensity of labor conflicts in the post-deregulation era suggesting a commonality (continuously high and/or increasing levels of conflict) across the cases (both country and airline) over time. Table 1 reprints the results of Gall's investigation in order to prepare the reader for the presentation of our own research of the following decade.

By way of compiling the strike statistics displayed in table 1 (see p. 8) Gall alerted readers to an apparent change in the airline IR regime. The last year of the regulated order and the first years after European deregulation were marked by a high number of conflicts in many different countries. Gall suggested different causes for the conflicts during the first part of the period (1985-1990) and the second part (1990-1995). The 1980s conflicts were still taking place in the old (regulated) regime with workers and trade unions demanding higher pay and benefits. In the 1990s instead, airline employees and trade unions had to fight defensive battles to prevent job losses, wage concessions and deteriorating working conditions (Gall, 1996, p. 257). In terms of the comparative method, we can follow from this that a general phenomenon (high propensity to strike) might have different causes, albeit different in temporal perspective and at least not only with regard to national systems, which may of course come on top of a shift of other social power relations over time. In Europe, the integration of airline market through deregulation opened the borders between national systems whereas U.S. deregulation ensued in a domestic market until the NAFTA treaty also introduced cross border liberalization and elements of intensified regime competition.⁴ While Warhurst conveniently considered some conflicts of the 1990s in line with his convergence argument, Blyton and Turnbull (1996) appear

modification to Blyton and Turnbull (1996) the continuing difference is now presented mainly as a result of trade union capacities to slow down the process of change, and to protect the interests of some occupational groups. Without denying more or less radical change in most countries, Germany, Ireland and Spain were presented as strong cases of stability at this point. Ireland of course became a case of radical change within a year of the date of the publication of the article. Spain and Germany followed suit in the course of the 2000s, albeit again to different degrees.

- 4 In the United States, the labor conflicts show a marked decline in the 1990s and 2000s compared to the regulated era (until 1978) and the 1980s (Bamber et al., 2009b, p 23). It remains to be seen if the European trade unions will experience a loss of power comparable to the U.S. airline unions, which suffered badly from anti-union strategies and bankruptcies. In terms of a temporal analogy, the European decade following deregulation was the decade of the 1990s, roughly. The U.S. in the 1980s and Europe in the 1990s showed high levels of labor conflict characterized by defensive battles of labor against concessions. In the U.S., airline employees and their unions had plenty of reasons to object against ever more demands for concessions, but apparently had not much power left to fight in the 1990s (5 strikes compared to 19 during the 1980s), and only two strikes between 2000 and 2005 (ibid.).

to neglect the generally shifting terms of debate (towards concession bargaining) by way of emphasizing a higher dose of corporate discretion and variety with regard to trade union influence during the 1990s.

The period of time considered at any rate is highly relevant as Gall correctly comments:

"Both Warhurst and Blyton and Turnbull neglect this longer-term experience of strike action, considering only the actions of the 1990s. This is perhaps not so much because the extent of such action has become more significant, as that institutions, practices and regulations of industrial relations in this period have become subject to great flux: strikes are a part and a reflection of this state of flux." (Gall, 1996, p. 257).

Increasing frequency and militancy of collective action in European airlines in the 1990s in reaction to the corporate strategies since deregulation can be explained to some extent by the existence of trade union competition in a range of countries according to Gall (1996), which is also at odds with the national models postulated in the varieties of capitalism model (e.g. including Italy, France, Spain, and Sweden). The airline industry in fact displays a high propensity to factionalism and independent unionism in most countries.

Gall's recognition of German and British exceptionalism with regard to strike activity and militancy of course seems to significantly weaken his argument in 1996 since two important countries and companies appeared to continue developing in a path dependent manner of labor management cooperation reminiscent of the regulated legacy carrier model. But Gall's argument was stronger than he thought in fact already in 1996 since his observations regarding Germany were incomplete. Although Gall did not overlook strike activities in Germany, he missed the fact that the 1992 concessions of the main trade union representing Lufthansa employees led to the founding of a competing flight attendant union in Germany as well (UFO), which has a current membership of more than 10.000 (www.ufo-online.com). Factionalism has been increasing subsequently; another split led to the founding of the competing flight attendant organization 'Kabine klar'. With regard to trade union representation the old institutional ensemble was thus breaking apart in Germany much like in other countries in the early 1990s, extending the pattern of sectionalism that is crucial indeed to explain the more frequent, if frequently less effective collective action in the airline industry (Gall, 1996, p 259). And of course we do know now that it was only a matter of time in 1996 until British Airways was also subject to a great transition towards strongly increasing levels of labor conflict. What happened in the following decade? Did Europe experience a temporal convergence on strike, or were labor conflicts to become a permanent feature of post-national industrial relations in the European airline industry?

Table 1: Reported Strikes in European State and National Airlines (1985 – 1995)

Number of strikes (number of strike days)

Country of 'national' carrier	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	Totals
Belgium			4 (7)	1 (1)	2 (2)					1 (1)	2 (2)	10 (13)
Denmark/Sweden						2 (2)		5 (5)		2 (2)	13 (13)	22 (22)
France		3 (3)	5 (6)	2 (4)	3 (7)	3 (3)	4 (4)	2 (2)	2 (10)	2 (2)	14 (17)	40 (58)
Germany												
Greece	1 (3)	3 (9)			1 (1)			1 (2)			1 (1)	7 (16)
Netherlands	1 (5)										2 (2)	3 (7)
Italy		2 (2)	6 (6)	10 (15)	4 (8)				1 (3)	3 (4)	8 (10)	34 (48)
Portugal	1 (6)		1 (1)		2 (1)							4 (8)
Spain		1 (1)	3 (5)	2 (2)	5 (5)		8 (8)			14 (14)	16 (16)	49 (51)
UK												
Totals	3 (14)	9 (15)	19 (25)	15 (22)	18 (25)	5 (5)	12 (12)	8 (9)	3 (13)	22 (23)	55 (61)	169 (224)

Data sources: European Industrial Relations Review and Financial Times (various)

Source: Gall 1996, 256.

3) Industrial development conflict in the European Airline Industry 1996-2006

Empirical observations of and theoretical and reflections on airline industry developments from 1985 until 1995 led to the argument of a “convergence on strike” (Gall, 1996). The reflections on the convergence versus divergence debate of the 1990s can now be turned into competing hypotheses.

- If the increasing strike activity of the first half of the 1990s indicates a transition period in contrast to the high propensity to strike in the old regime of regulated markets, we could expect collective action to abate at some point possibly following the U.S. trajectory of weakened trade unions (hypothesis A)

Of course it is impossible to ex ante project how long a transition would take. But we would be able ex post to consider a new regime having emerged from the transition (low levels of conflicts at least as expressed in collective action). If the United States constitutes a model post deregulation regime, it would be characterized by a low propensity to industrial action roughly a decade after deregulation (compare *footnote 1 above* on the decline of U.S. collective action since the early 1990s). This can be attributed to the relative weakness of unions in the United States, and other aspects of the institutional system (like the chapter 11 bankruptcy proceedings), of course. A European transition may have taken place with a somewhat stronger dimension of conflict due to variations in trade union sources of power, or the transition might take longer (also due to the multinational regime competition aspect).

- If airline employment relations and industrial relations are transforming in ways that engender a divide between core and fringe companies due to corporate discretion and strong unions, however, we could expect to observe a continuously, though somewhat less unstable regime rather than a transitory regime of fluctuation (hypothesis B).

A sort of medium level of conflict would result from management and union abilities to negotiate a variegated settlement not so different from the cases of Germany and UK during the 1985-1995 period where these important countries and companies continued to experience a low propensity of strike.

- Following Gall (1996) we should thirdly consider a continuously higher level of conflict that might be due to yet another set of factors and reasons for the time after the deregulation inspired transition (hypothesis C).

In this case we should see continuously high numbers of strike activities, but we should see a significant change in the configuration of the industry's structure and/or of major institutions relevant to corporate strategies and industrial relations.

We have replicated Gall's (1996) method to examine the number and length of strikes in European airlines excluding the instances of airline collective action as

a part of general strikes etc. In the first step we take the story to 2006 because this was the last year for which the European Industrial Relations Review data were available. The following table 2 displays the results for the period from 1996-2006. Like Gall, we used the European Industrial Relations Review and Financial Times as principal sources.⁵ But we did use some additional sources, and we did include Ireland, two Scandinavian countries and Austria, which were not part of Gall's data set. All the countries but Norway have joined the EU in the meantime, which made it reasonable to expect airlines becoming subject to the same institutional regime, and, conversely, would make it look superficial to exclude the countries from the analysis only to maintain the same sample. Gall's countries are still a part of the sample, though. We thus can still look for continuity and change in this subgroup of countries. We did not include the Eastern European new member states and the airlines from these countries to avoid the additional factor of transformation from Socialism to Capitalism.

Although our expansion of the unit of analysis and the additional sources used can be considered problematic with regard to the comparison, we think the results of our investigation can nevertheless be used well to continue the discussion with regard to the substantive questions tackled in the 1995/6 debate. If patterns hold for both the original sample and for the additional airlines considered, the expansion of the scope would in fact seem to give additional weight to the argument. Although Gall (1996) may have missed strike activities due to the limits of his two major sources, a more complete picture for the next decade is better than artificially reducing the numbers. We can give due consideration the possibility of underestimating conflicts for 1985-1995 period in the discussion. But let us first look at what do the numbers say?

The evidence generated by the examination of the 1996-2006 period shows that the number of strikes decreased somewhat, but the number of days lost due to strikes decreased somewhat less suggesting a number of conflicts turning nastier. 169 strikes for the 1985-1995 period compared to 110 strikes for 1996-2006 (or 94, if the same countries are considered), and 224 days lost in 1985-1995 compared to 219 days lost for the following decade (or 143 in the same countries). While the four countries not considered by Gall (1996) thus account for 16 strikes only (about 15 percent), 76 days lost are almost one third of the total. Just three strikes in Ireland and Finland in fact account for 64 days lost.

The lower number of conflicts and days lost in the original sample (169:110; 224:143 amounts to a reduction of almost 40 percent) might be considered indicating a somewhat less conflicted regime. This could lead us to think of the 1990s as a transition lasting until 2001 (supporting hypothesis A). The highest propensity to strike can be observed between 1998 and 2001. Since 2002 the number of strikes and the number of days lost in individual strikes appears to decline.

⁵ Gall's (1996) choice to combine this set of data with information extracted from Financial Times seemed to provide a relatively complete picture. Since there is no compilation of strike activities in Europe anymore, the development of a reasonably reliable data set for the time since 2006 is challenging.

Table 2: Reported Strikes in European Airlines (1996 – 2006)
Number of strikes (number of strike days)

Country of airline	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Totals
Belgium	2 (4)		1 (1)			5 (8)						8 (13)
Denmark			1 (11)								1 (1)	2 (12)
France	3 (6)		4(13)		1 (1)	2 (2)	2 (5)	2 (5)				14 (32)
Germany		warning strikes				3 (3)	1 (1)	1 (1)				5 (5)
Greece			1 (1)	2 (2)	1 (1)		1 (1)	1 (1)		1 (1)		7 (7)
Netherlands						1 (1)						1 (1)
Italy				3 (3)		7 (1)	1 (1)		2 (2)	3 (4)	1 (1)	17 (12)
Portugal		1 (2)										1 (2)
Spain	1 (1)			23 (23)	1 (17)	4 (4)	1 (2)				4 (6)	34 (53)
UK		2 (3)							1 (1)	2 (2)		5 (6)
Finland				1 (35)				2 (2)			1 (2)	4 (39)
Ireland					5 (?)	2 (29)	1 (1)					8 (30)
Norway			1 (4)		1 (1)						1 (1)	3 (6)
Austria								1 (1)				1 (1)
Totals	6 (11)	3 (5)	8 (30)	29 (63)	9 (20)	24 (48)	7 (11)	7 (10)	3 (3)	6 (7)	8 (11)	110 (219)

Data Sources: European Industrial Relations Review and Financial Times (various)

Additional internet data sources:

<http://www.indianexpress.com/fe/daily/19980809/22155524p.html>
<http://archives.cnn.com/2000/WORLD/europe/10/10/greece.strikes/>
<http://www.thefreelibrary.com/AOM%2FAir+Liberte+strike+continues+on+13+June.-a075526017>
<http://www.ainfos.ca/01/aug/ainfos00362.html>
<http://www.spiegel.de/reise/aktuell/0,1518,297645,00.html>
<http://www.arena-info.com/archiv/archivliste/datum/2006/10/18/ryanair-befoerdert-heute-wieder-kein-gepaeck/>

But there has also been a universalization of the conflict pattern beyond the findings of Gall (1996): Both the UK and Germany are experiencing more frequent labor conflicts since the middle of the 1990s. We already mentioned above that Gall did not observe the partial dissolution of Germany's traditional IR system at the time of his writing. New flight attendant unions in addition to the pilot union are strong examples of a fairly recent pattern of increasing factionalism and aggressive job category unions that undermine the general pattern of unionism and solidarity across job categories in Germany's collective bargaining system (Dörre, 2010; Schroeder and Greef, 2008; Hoffmann and Schmidt, 2008). A stronger conflict pattern in Germany, the UK, additionally in Finland and Ireland, and somewhat less in Norway seems to confirm a certain convergence on strike. After 1995 a number of new countries were drawn into the defensive battles following intensified competition and management efforts to trim costs.

We can additionally consider the most recent history for which we have not yet systematically compiled the statistics, unfortunately. But we do know that much more serious and long lasting conflicts actually came somewhat later in the UK in particular with the longest strike ever. An 18 months long dispute between cabin crew and BA ended in Spring 2011 (The Guardian, May 12, 2011). Following the BA merger with Iberia in 2010, Iberia's trade pilots, ground and cabin crew launched militant strike actions against the expansion of low cost subsidiaries Vueling, and Iberia Express and against general cut backs in 2011 and 2012 (Business Week, December 7, 2011; Reuters, November 29, 2012).

Also in Spring 2011, a warning strike of Easy Jet pilots and cabin crew members in Berlin was called by the German service sector union Ver.Di in order to increase the pressure on management during on-going collective bargaining. Further strike actions were avoided last minute when management signalled willingness to improve an offer to the union, which had demanded a 20 per cent pay increase at the British low-cost carrier in Germany (www.rbb-info.de, May 14, 2011; July 2, 2011). A year earlier in 2010, Lufthansa pilots went on strike in an effort to prevent management from using cheaper pilots of the Lufthansa Italia subsidiary to fly routes currently offered by the German firm (dpa, February 23, 2010). In summer 2012, the UFO union at Lufthansa instead called for the first comprehensive collective action after negotiations with management broke down. The union wants to prevent the use of temporary workers as cabin crew and to avoid the concessions demanded by management, which threatened to shed 3.500 jobs in an effort to save costs (FAZ, August 28, 2012).

Lufthansa's latest acquisition, Austrian Airlines, also experienced a slate of labor conflicts in summer 2012 due to the concessions demanded from the Austrian trade unions. Lufthansa moved the Austrian Airlines employees into the Tyrolean framework on July 1, 2012 hoping to save €45 million on labor cost. The downscaling strategy hit 460 pilots and 1500 cabin crew members turning another erstwhile peaceful domestic regime into a trouble spot (Die Presse, July 1, 2012).

Both the British (and Spanish) and the German (and Austrian) cases suggest a transition from a lower propensity to strike to a higher propensity to strike

between 2001 and the present. Collective action seems to follow mergers and acquisitions, or rather the consolidation efforts following takeovers. In all the cases considered, unions attempt to try defending acquired standards and rights with mixed results for present employees and lower standards for expanding parts of the workforce in former legacy carriers and low cost subsidiaries.

While there continue to be a small number of countries with few instances of strike between 1995 and 2006, namely Portugal and the Netherlands, a wide range of countries continues to feature frequent militancy, sometimes long-lasting. Even if the overall numbers of strikes and days lost are down, the high propensity to conflict may have survived. Trade union representatives report an increasing number of conflicts below the collective action threshold.⁶

Because the number of strikes and days lost until 2002 is quite a bit higher than 2002-2006, the global airline crisis of 2001 following the 9/11 attacks may have to be considered an incision marking the end of a larger cycle of collective action connected to the original introduction of deregulation. Because most countries continued to feature collective action in the first half of the 2000s, however, and because of the new wave of collective action in most recent years we may have to consider hypothesis C (continuously high levels of conflict possibly due to different causes over time) in addition to the transition related turmoil of the 1990s up until 2001 (hypothesis A). Since very few countries seem exempt from labor battles in the new IR regimes, we consider hypothesis B (negotiated order in core companies) to be less likely. Even traditionally cooperation minded countries and airlines seem to experience high levels of conflicts in shorter intervals.

In any case we think the data can certainly be held to confirm Gall's claims according to which the previous contributions by Warhurst (1995) and Turnbull and Blyton (1996) lack adequate consideration of collective action and labor conflict. Gall concluded his article by correctly forecasting a continuity of pressure on cost structures and further restructuring. His hopes in the high number and militancy of strike action indicating a growing basis for more effective resistance to management strategies appear to be less convincing, though, much like Blyton and Turnbull's (1996) insistence on considerable management discretion. Both Gall and Blyton and Turnbull seem to have underestimated in 1996 unlike Warhurst (1995) a quite real transformation of airline labor relations in a similar direction if not towards convergence, eventually. If they were certainly correct to argue against a sort of automatism and/or convergence on a one company model (follow the industry leader, presumably BA at the time), the examination of Bamber et al. (2009a, b) and more recent evidence of ongoing industry restructuring expresses the extent to which all the airlines seem to converge on low-cost models. This aspect lack appreciation if the focus of the comparative research is mostly on the varieties of low cost operations featuring a more peaceful style of cooperation represented by the U.S. domestic leader Southwest and the harsher anti-union

⁶ We talked to British pilots at the ICAROS workshop in Surrey held in 2011 and to German trade union representatives and works council members at the ICAROS workshop in Berlin, 2012.

style represented by the most profitable and aggressive European company Ryanair. In spite of institutional support for the legacy carrier Air Lingus, for example, the company was forced in 2002 to reinvent itself as a low-cost airline (Bamber et al., 2009b, p. 643) following the Southwest model rather than the Ryanair model.

The influence of pro-labor institutions in Scandinavia and Germany also seem to be less protective than suggested by the corporate variety narrative supported in principle by these authors (Bamber et al., 2009b, pp. 644-646). While initially less brutal to the seniority workforce, restructuring at both SAS and Lufthansa according involved increasing variation in the employment relationship, which effectively lowered the standards for important parts of the workforce (two-tiers, setting up of subsidiaries operating with lower labor standards etc.). Instead of invoking the Anglo-Saxon versus continental variety of capitalism narrative it appears to be important to acknowledge that some airlines and trade unions were able to hold on longer to the legacy airline tradition than others with the number of privileged employees nevertheless becoming smaller over time, and the most privileged strata being subject to generational dissolution and other forms of erosion (two-tier etc.). In the German airline sector, employment relations arguably are closer now to the liberal market economy model than to the "German" coordinated capitalist model (company level bargaining, share of low-cost carrier employment, mix of HR practices etc., compare Barry and Nienhueser, 2010). We will argue below why this might be the case.

Two arguments in favour of a renewed pressure for convergence can be made for which we can muster initial evidence. The period to be considered now is the first decade of the new millennium, and more precisely the time after the 9/11 attacks, which saw the erosion of the profitable long haul business of the legacy carriers, and the concomitant rise of the short and medium range competition from the low-cost segment in Europe in particular. Considering some evidence from the United States is illuminating to subject the latest transformation of the employment relationships in the European airline industry to comparative analysis.

4) Comparing legacy and low-cost carriers

The recent rise of European low-cost carriers like Ryanair or Easyjet in Europe dates to the late 1990s. Cross border expansion gained of low cost carriers became more significant during the first decade of the new century. (Dennis, 2009). In general, the rise of European no frills carriers resembles the rise of newcomers like People Express or Southwest after airline deregulation in the United States back in the late 1970s, though the European low cost carriers needed to expand internationally in order to significantly cut into the market share of the network

carriers. We can nevertheless consider the evolution of the United States' industry structure in order to get some clues about what European legacy carriers might be facing. Intensified competition in Europe may be somewhat mitigated by partial domestic regime maintenance, but the fundamental institutional change transforms the multinational European market order into an integrated domestic market with full cabotage rights (domestic transport by non-domestic carriers). What did low cost carriers accomplish in the more homogeneous U.S. system?

Although many of the newcomers in the U.S. did not last very long, the pressure exerted by the new entries on the incumbent network carriers was stark. Several legacy carriers did not survive ensuing competition from new entrants and incumbents alike including historical names like PanAm, TWA, or Eastern Airlines. TWA and Eastern in particular experienced intense labor conflicts before their demise (Plehwe, 2000). Other airlines experienced severe problems in the process of restructuring enacted to meet the new competition. Strategies employed inter alia included union busting (Frank Lorenzo/Continental), two-tier wage systems, setting up low-cost airlines by legacy airlines, and transforming legacy airlines into low-cost airlines (Bamber et al., 2009a).

Major airlines merged and consolidated large hub and spoke networks, but the pressure from low-cost carriers continued. Neither could the network carrier consolidate their operations, nor could low cost carriers displace the large network carriers. But this stalemate came to an end. During the decade following the 9/11 crisis, all the big legacy carriers eventually went bankrupt at some point: United Airlines (2002), Delta (2006), and the latest casualty, American Airlines (2011). Each of the three airlines made use of the bankruptcy proceedings to significantly change the terms of employment. As a result of the latest round of 'chapter 11' (bankruptcy protected) restructuring of the legacy carriers, the most successful low-cost airline has recently come under pressure in the United States. Southwest Airlines has been praised for a labor-friendly approach and at the same time has been profitable for a long time (Bamber et al., 2009a, p. 86f). But in 2011, newspapers reported that Southwest CEO Gary Kelly had alerted employees to a dramatic change of the competitive position of the airline with regard to labor cost.

"According to the Airline Data Project at the Massachusetts Institute of Technology, Southwest's labor costs per available seat mile were 2.99 cents in 2000. That figure gave it a significant advantage over American with labor costs of 4.17 cents per available seat mile; Delta, 3.72 cents; United, 4.16 cents; and US Airways, 5.34 cents. In 2010, Southwest's labor costs had risen 31.8 percent to 3.94 cents per available seat mile. That put its unit costs higher than at Delta, 3.48 cents; United, 3.65 cents; and US Airways at 3.32 cents per available seat mile. American's costs, which are higher than Southwest's labor unit costs, were up only 1.7 percent to 4.24 cents over the decade. Southwest also competes against JetBlue Airways Corp., whose 2010 cost per available seat mile was 2.74 cents; Alaska Airlines Inc., 3.64 cents, and Frontier Airlines Inc., 2.15 cents."

(Maxon, 2011)

The development in the United States suggests that employment relations in the airline industry have basically been transformed from a legacy/regulated era model to a low-cost model across the industry. There has been a prolonged transition period (1980-2010) during which variation of employment models first increased to eventually decrease again levelling off at a lower road spectrum (still differing according to unionization, type of service etc., of course). Unionized Southwest Airlines productivity model clearly differs from other airlines with employees eager to minimize turnaround time (payment by miles being an incentive used). Cabin crew members and even pilots can be observed picking up waste to save cleaning time, for example. Although the road to lower labor costs may be diverse, the goal appears to be common:

“The emergence and rapid growth of “low-cost” airlines is due in large part to their ability to deliver air transportation services at substantially lower costs and at higher levels of productivity than the traditional “legacy” airlines. In response, legacy airlines have had to find ways to reduce operating costs and improve the efficiency of how they utilize both their aircraft and employees.” (Belobaba, 2009, p. 114).

While airline operating costs continue to differ significantly between the larger legacy carriers and the smaller low-cost carriers, the comparison of airline unit costs (the ratio between total operating expenses to available seat kilometres, ASK) is highly interesting for the present purpose. While unit cost comparison (including transport-related cost, fuel cost, labor cost, and non-labor cost per available seat mile) shows a development roughly in parallel for legacy and low-cost carriers, the isolated labor cost (total salaries, benefits and other costs paid to employees) differential of the cost per available seat mile (CASM) shrank from 23 cents in the year 2000 to 13 cents in 2007 (before the American Airlines bankruptcy!) (ibid., p. 140). “The labor unit cost gap was reduced dramatically from its peak in 2002 [...]” writes Belobaba (2009, p. 140). “The large decrease in labor unit costs for NLCs (Network Legacy Carrier) is a direct result of their cost-cutting strategies during the bankruptcies and the threat of bankruptcies that occurred between 2002 and 2005.” Due to the cut of employment levels, lower compensation and increased productivity on the side of legacy carriers, and due to increasing seniority pay and slower growth rates on the side of low-cost carriers, the unit labor cost advantage of low-cost carriers has basically disappeared. “In the US airline industry, the LCC advantage can no longer be simply attributed to lower labor costs.” (Belobaba, 2009, p. 142, bracket information added by the author).

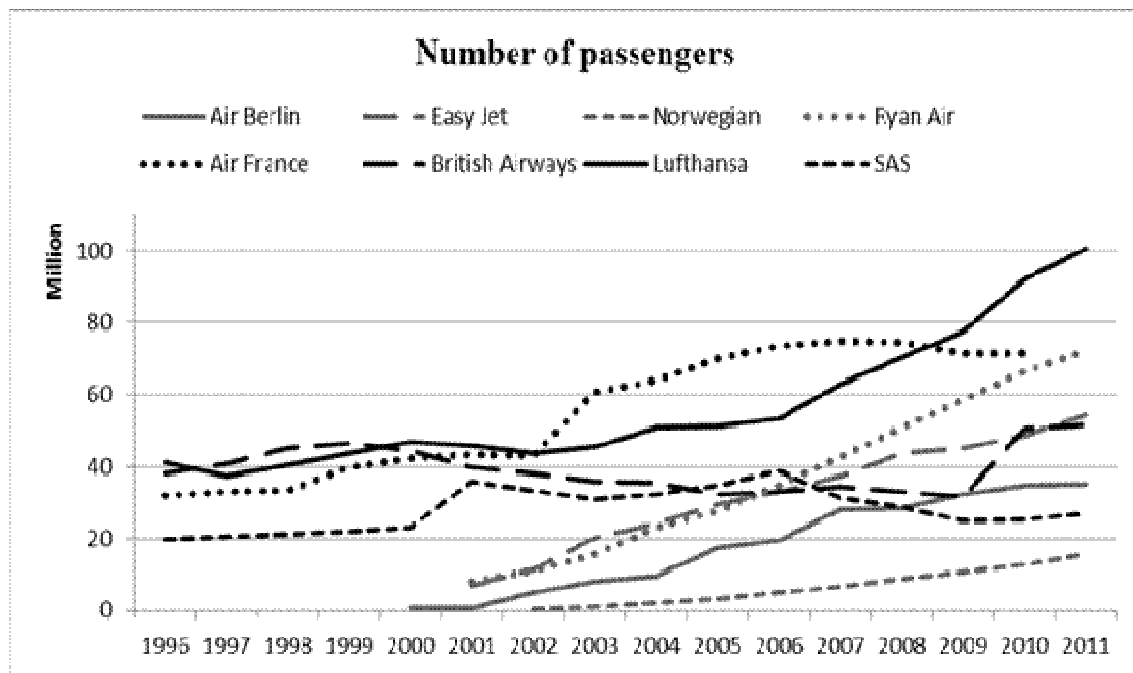
Due to the lack of comparable data, Belobaba has found it difficult to extend the comparison to Europe and Asia. According to the data he does present we can see that the overall unit costs have developed parallel in Europe (like in the United States), with legacy carrier unit costs again growing faster than low-cost carrier unit costs since 2003. This would indicate increasing competitive pressures on legacy carriers. Dennis (2009, p. 159) notes that much more has been written in Europe about the performance of low-cost carriers than about the reactions of legacy carriers in Europe. He does present a table documenting the strong

increase in traffic between 1999 and 2004. Revenue passenger kilometers (RPK) of Ryanair and Easyjet rose more than 300 percent for each of the two carriers during this period. The increase in staff levels for the two carriers lagged way behind the increase in traffic at the same time suggesting a considerable rise in productivity. Only bmi and Air Lingus moved in a similar direction followed by Lufthansa, BA and Iberia. Alitalia and KLM/Air France experienced a decline in the ratio of RPK per employee according to the information provided by Dennis (2009, p. 160). The table also shows a startling distance in the RPK/employee ratio between Ryanair (8765) and Easyjet (6685) on the one hand, and between the two industry leaders and the rest of the pack on the other hand: GB Airways, Virgin Atlantic, Air Lingus and Lufthansa ranged between 3808 and 3011. A group of airlines still further behind was led by BA (2077) followed by a number of airlines featuring ratios between 1233 (Flybe) on the low end, and 1745 (KLM/Air France) on the high end. The information provided by Dennis (2009, p. 160) suggests that labor productivity of the leading European low-cost carriers was far superior to all the legacy carriers, and certainly not easy in reach of other low-cost carriers. In any case it is reasonable to compare the evolution of the European legacy and low-cost segment in somewhat more detail for the period of 2001-present.

Overall, the capacity of the low-cost carriers within the EU has been increased from 6.1 percent in 2001 to more than 40 per cent in the first half of 2012 according to data presented by the Centre for Aviation (CAPA).⁷ We have collected company data for a total of 8 airlines to observe in greater detail the relationship between legacy and low-cost carriers in Europe in the new Millennium. The four legacy carriers chosen are Air France, BA, Lufthansa and SAS. The four low-cost carriers are Air Berlin, Easyjet, Norwegian, and Ryanair. The first figure shows the growth of the passenger business of the airlines (*see next page*).

⁷ <http://centreforaviation.com/analysis/transavia-france-is-spreading-its-wings-to-regional-airports-in-its-home-market-77502>, download August 31, 2012.

Figure 1: Passengers carried by legacy and low-cost carriers, 1996–2011



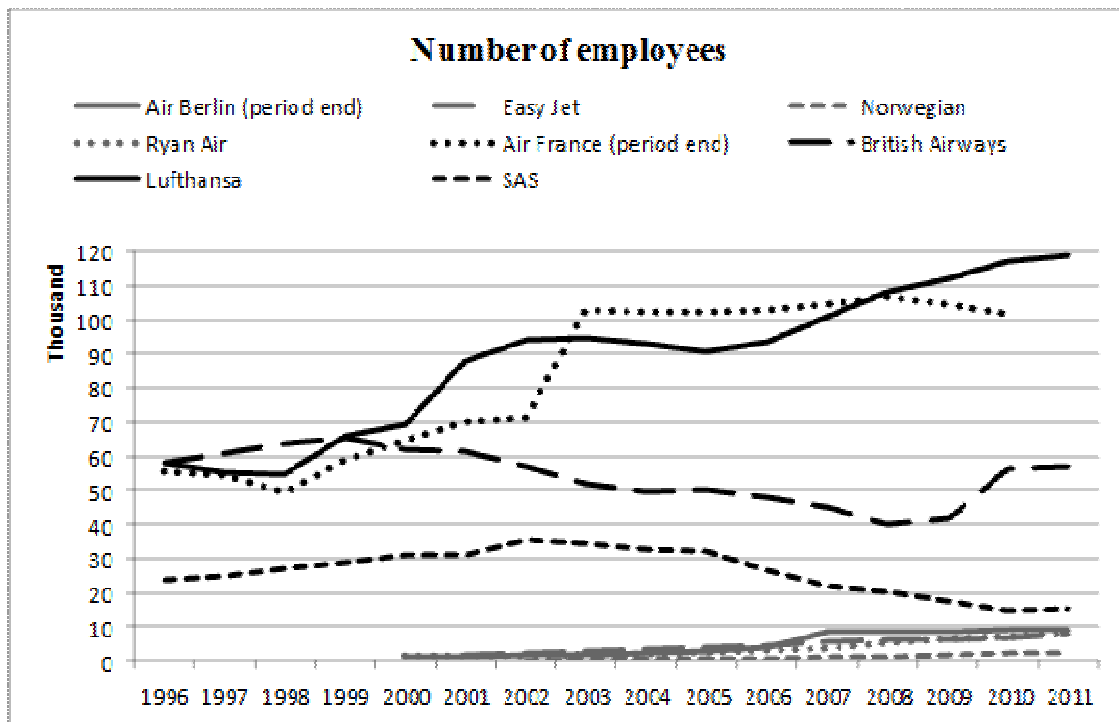
Data source: Company reports

Figure 1 shows the growing passenger business of all the airlines examined. By the end of the first decade of the 2000s, however, both Easy Jet and Ryanair transported more passengers than BA. Furthermore, the low-cost carriers expanded their own operations to accommodate the growing customer base (endogenous growth) while much of the growth of the network legacy carriers was due to mergers and acquisitions (exogenous growth). Figure 2 displays the evolution of the workforce of the carriers during the same period of time.

Figure 2 shows the limited growth and still relatively low number of employees working at the low-cost carriers. While the four network legacy carriers studied have also not expanded employment in line with the growth of passenger business, and both BA and SAS have reduced employment, the figure gives us a first idea about what to expect in terms of turnover per employee and productivity figures. Figure 3 displays the results of the correlation of revenue and employment data.

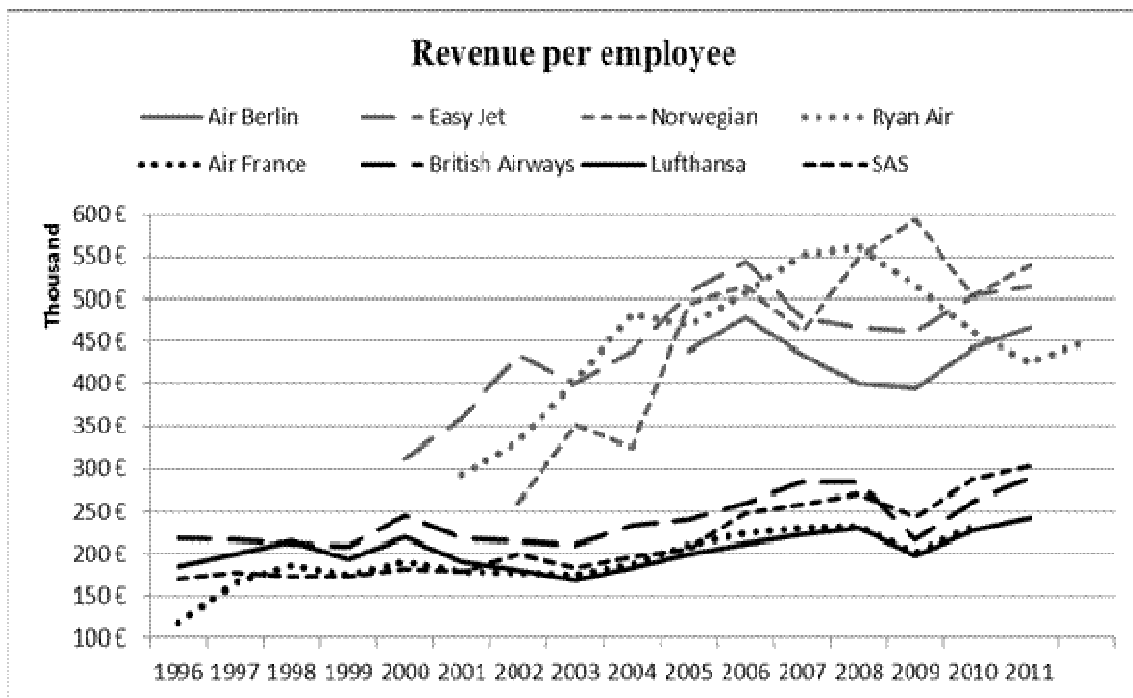
Although the growth of revenue per employee of the low-cost carriers appears to have peaked around 2006/7, the numbers are at least double in most cases compared to the figures of the legacy carriers. Of course, the difference reflects the complexity of network legacy carriers business compared to low-cost business, but the direct competition of the legacy carriers and the low-cost carriers in Europe is certainly exerting a lot of pressure on legacy carriers considering the differential in productivity, to which we will turn next.

Figure 2: Employees of legacy and low-cost carriers



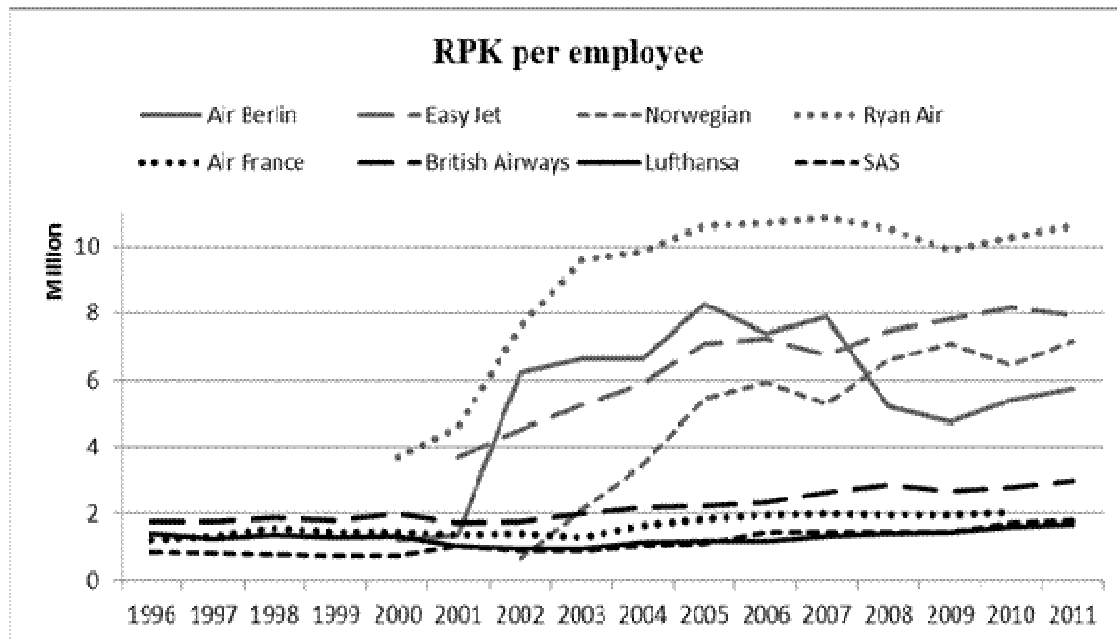
Data source: Company reports

Figure 3: Revenue per employee



Data source: Company reports

Figure 4: Revenue passenger kilometers (RPK) per employee



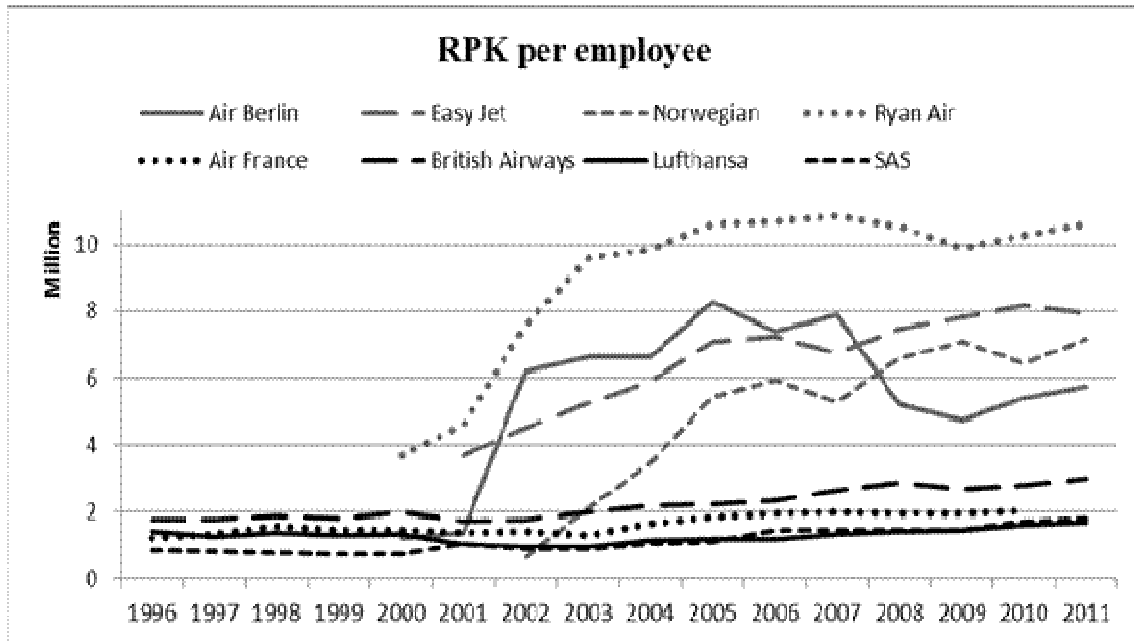
Data source: Company reports

Again the figures show the relative decline in growth of RPK per employee for the low-cost carriers. If we would look at passenger business employees only, the very limited catch-up process of the legacy carriers would become somewhat stronger (about 3.000 RPK per employee for Lufthansa, for example, according to data cited above), but the distance is startling indeed. And the next figures indicating the spread of labor unit costs among the eight airlines show the continuing competitive advantage of low-cost carriers with regard to labor related expenses.

It is interesting to see how all the airlines appear to hold down labor unit costs quite effectively, and how difficult it seems for the network legacy carriers in Europe to move closer to the labor cost structure of the low-cost carriers so far. But precisely this impression from the statistical information available seems to indicate the pressure airline management is facing in the European business segment. Unless employees and trade unions succeed in improving the labor conditions in the low-cost segment, the basic expectation would suggest airline management working hard to obtain concessions from the legacy carrier employees flying in direct competition. Concessions would probably not be as important in the field of wages, but in terms of productive employment of the workforce.

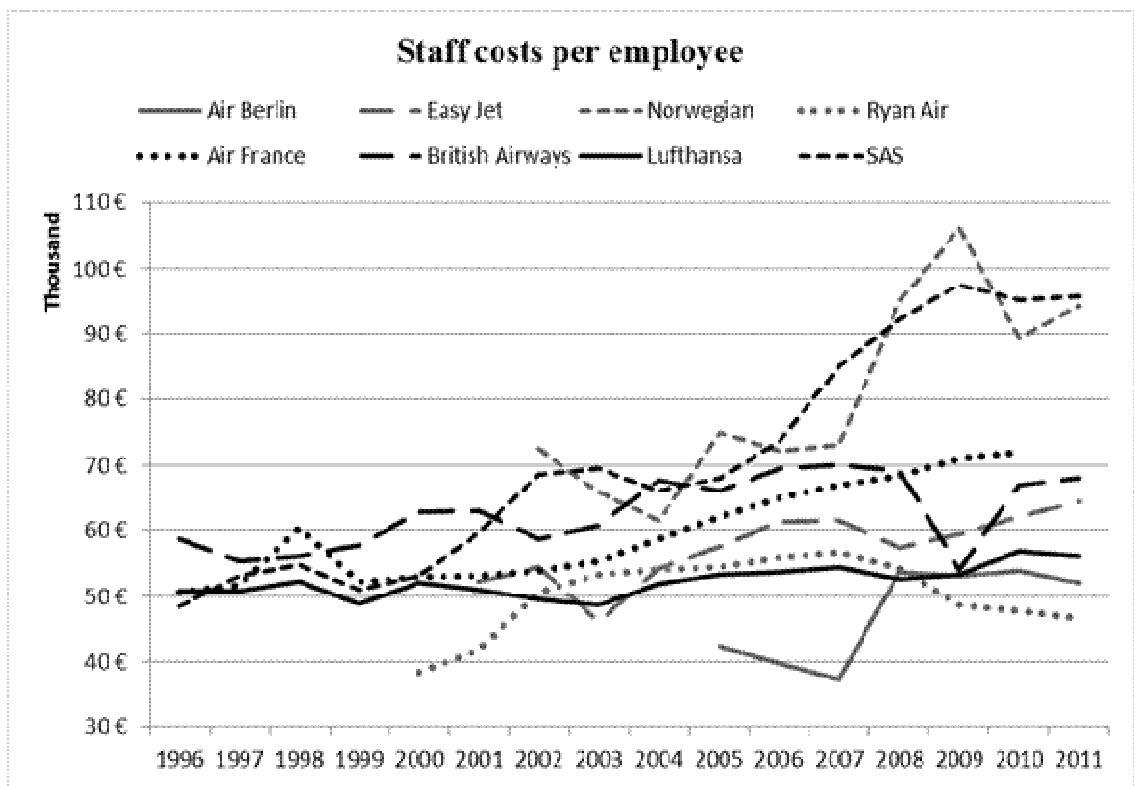
Except for the case of Ryanair, BA between 2006 and 2009, and most recently Air Berlin, all airlines seem to face upward pressure in staff expenses. But staff expenses per employee are also remarkably stable over time except for the two Scandinavian airlines.

Figure 5: Labor unit cost (staff cost/available seat kilometers)



Data source: Company reports

Figure 6: Staff costs per employee



Data source: Company reports

While Belobaba (2009) argued that U.S. low-cost carriers have lost their competitive advantage vis-à-vis the network legacy carriers in the course of the 2000s due to the downgrading of wages and conditions and a limited upgrading of low-cost employment conditions, the statistical evidence points to continuing, possibly still increasing pressure exerted by the leading low-cost airlines on the remaining European network legacy carriers. Most recently, even the airlines (and trade unions) holding out longer with regard to protecting a core of the traditional legacy carrier employment model seem to be coming under stronger pressure as indicated before. Lufthansa is forcing a larger number of employees in Germany and in foreign subsidiaries to accept lower standards, and the conflict over expanded usage of a temporary work force and concessions from the core employees has reached the German homeland in summer 2012. All the remaining network legacy carriers in Europe are currently busy expanding their low-cost operations. Lufthansa went beyond its Germanwings operations by setting up Direct4you to later move all the traffic outside the core hub to an expanded Germanwings operation. Air France has moved its European traffic to the low-cost subsidiary Transavia France, and Iberia launched its Iberia Express low-cost subsidiary amidst heavy strike and protest activity of the Spanish airline unions, all in 2012.

Among the European airline industry labor force, the low-cost segment has been steadily growing firstly due to the expansion of the low-cost carriers, and secondly due to the expansion of the low-cost tier in the legacy network carrier employment. While we can currently speak of increasing variation and directional similarity in direction of low cost employment relations rather than overall convergence, the question remains open if the position of the European workforce still protected by better agreements can be maintained. The presently continuing convergence on strike in any case is very likely the result of the increasing intensity of struggles over the future direction of the more privileged employment relation segment in the European industry.

5) Conclusion: Converging on varieties of low-cost, and low cost plus

The latest moves of European network legacy carriers towards embracing and expanding low-cost employment relations comes on top of the previous attempts to stabilize network carriers in the competitive environment after deregulation. The moves were strikingly similar to the moves of the major U.S. airlines: European flagships had taken over (foreign and domestic) companies, and consolidated hub and spoke networks. They had also set up low-cost subsidiaries to fend off low-cost competitors. They also had lowered labor costs by way of introducing two-tier systems of wages and conditions. Together with the strong expansion of the leading low-cost carriers in Europe, Ryanair and Easyjet, the result is rapidly increasing variation in airline employment relations in the

different European countries, and many moves towards implementing elements of low-cost employment relations. Traditional legacy carrier conditions typically left over from the regulated era and public employment in national flag carriers are both pitched against low-cost employment relations within legacy carriers and their subsidiaries, and outside in expanding low-cost champions. Yet the buffers created by network legacy carriers and trade unions to protect the traditional core seem to not suffice for much longer. While larger airlines certainly benefit from cheaper inputs (larger orders of airlines, better financing competition, hedging fuel etc.), the opportunities to shield the employment model from the low-cost/high labor productivity model seem to have been exhausted at this point. One major European airline, British Airways, and the smaller Air Lingus from Ireland have already moved far along the route towards turning the whole legacy carrier into a low-cost employment model, and the steps of the remaining legacy carriers in this direction appear to become larger and faster.

Unlike the picture in the United States, the battle of employees and trade unions seems to continue, however. Alas, the predominant strategy of protecting traditional core employees and the isolated, frequently factious efforts from within individual companies makes it unlikely to achieve a secure minimum collective bargaining model let alone push for a comprehensive and homogeneous higher end model resembling the conditions of the regulated era. Both within the companies, and within the industry in individual countries, the variation of employment relations appears to stabilize divisions rather than pushing solidarity across categories and companies. The core of the trade union business – prevent competition on wages and conditions – seems to be hard to accomplish for the time being in the European airline industry. Unionization of the low-cost segment does occur in Germany, for example, but trade union competition and segmentation at the industry level prevails. Easy Jet employees' demands for European wide contracts have been frustrated by management at the national level, although the company has recently accepted setting up a European works council. Blyton and Turnbull (1996) in any case appear to underestimate the common competitive pressure. Their claim, according to which competition cannot explain competing strategies in general, and strategies beyond simple cost cutting in particular, fails to see the variety of approaches to dramatically increase productivity. It is certainly an important difference to work for unionized Southwest compared to non-union Ryanair, but the two models both seem to be successfully meeting productivity targets way beyond the traditional network carriers.

If trade unions succeed to improve pay and conditions in the low-cost segment as in the case of Easyjet, however, the future may at least be at the level of convergence on somewhat improved low-cost conditions – a sort of low cost plus model of employment relations. Only a massive change in the approach towards unionization and unification of trade unionism across the companies, job categories and borders is likely to secure a different, higher standard across the industry. So far, a corporate campaign launched by the International Transport Workers' Federation (ITF) focusing on the labor practices of Ryanair has not been

able to stifle the expansion of this radical low cost carrier. Ryanair also still benefits from a loophole in the German-Irish tax treaty, which allows pilots and flight attendants of the airline to avoid taxes in both countries (Focus, March 28, 2012) The productivity level of the low-cost airlines in any case appears to constitute the default bottom line in Europe like in the U.S. This appears to be independent from the degree of unionization since high productivity can be achieved under conditions of partnership at Southwest Airlines and under conditions of anti-unionism at Ryanair. Low-cost operations come in many variations in different companies and countries – unionized or not. If the movement towards the low-cost model will not be stopped, therefore, the future of the European airline employment model will resemble ever more a post-national version of the U.S. low road (WalMartism) rather than the traditions of high road public employment in the age of Fordism both in the United States and in the European nations.

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