

US bails out airlines, ignores plight of workers

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The \$15 billion bailout of the US airline industry, passed by Congress on the weekend and signed into law by President Bush on Monday, awards massive and immediate aid to a handful of giant corporations while providing not one penny to hundreds of thousands of workers whose jobs and livelihoods have been destroyed in the wake of the September 11 attack on the World Trade Center and Pentagon.

Rarely has the class character of the American government been displayed so brazenly as in the rush to save the airline companies. The Senate voted nearly unanimously (by 96-1) to approve the bailout, while the House voted by an overwhelming 356-54 margin. Both branches of Congress beat back efforts to include airline workers in the bailout, ruthlessly and by large margins.

Those who opposed the bill did so, in the main, not because workers were excluded, but because they opposed a bailout as a violation of “free market” principles that would invite other affected industries to seek assistance. Rep. Lloyd Doggett (D-Tex.), who blocked the House from passing an earlier version of the aviation package, said he was worried about Congress dispersing huge sums “with no justification.” Speaking on the House floor, Doggett said he feared the vote would send “a signal to those who will stand at the door of the Treasury and ask for their subsidy.”

The legislation provides an immediate \$5 billion in cash assistance to the airlines, together with \$3 billion in emergency spending directed by President Bush, as part of the \$40 billion appropriated by Congress last week in response to the terrorist attack. In addition, the bill provides another \$10 billion in guaranteed loans.

The bailout bill also makes the federal government the insurer of the airline industry for the next 180 days, after which private insurance companies are expected to offer renewed coverage at higher rates. But an amendment that would have guaranteed health insurance for laid-off airline workers for the next year was defeated in the House by a vote of 279-174.

This means that some of the largest corporations in

America will have the federal government guaranteeing payment of their bills, while over 100,000 airline workers already laid off, and hundreds of thousands more in travel-related occupations—travel agents, hotel and restaurant workers, car rental employees, etc.—will have to fend for themselves.

The contrast between the treatment of corporations and workers was so stark that at one point during the House debate, Rep. Jay Inslee (D-Wash.), whose district includes the huge Boeing plant where nearly 20,000 workers have been laid off, shouted out, “Why in this chamber do the big dogs always eat first?”

The mass layoffs announced already include 30,000 at Boeing, 20,000 each at United and American, 16,000 at Delta, 12,000 at Continental, 11,000 at US Airways, 10,000 at Northwest, and 2,000 at America West, with smaller job slashes at international carriers like Sabena, Korean Air Lines and Virgin Atlantic.

Other cutbacks include the closure of Midway Airlines, already in bankruptcy before the disaster, and the shutdown by US Airways of its cut-rate short-hop service, MetroJet. US Airways and America West were widely expected to file bankruptcy as early as this week if the bailout bill had not been passed.

A major driving force for the legislation was concern in the highest circles in Washington and on Wall Street that the entire airline industry could go bankrupt and default on its debts, triggering a chain-reaction collapse that would do enormous damage to the US financial system. Collectively the airlines owe a total of \$5.9 billion to their bank creditors.

According to a report in the September 25 *Washington Post*, chief White House economic adviser Lawrence B. Lindsey called a major financial institution the day after the terrorist attack when he learned—in a telephone call from the CEO of a major airline—that the bank had canceled the airline’s credit line. “This is an issue of national importance,” he told the banker. “You might want to think of the broader picture,” he said, promising congressional action to bolster the industry.

No such energetic intervention has been forthcoming to assist the beleaguered airline workers. Their defaults on mortgage payments and credit card debts, and the inevitable consequences for their families, are their personal trauma, of little interest either to the Bush administration, the Congress or the corporate-controlled media.

Several Democratic congressmen have drafted proposals to aid the laid-off workers, but none go beyond providing extended unemployment benefits and health insurance coverage for a limited period of time. Nor do these proposals apply to workers outside the airline industry, including the hundreds of thousands in New York City affected by the closure of much of lower Manhattan.

Democratic Senator Charles Schumer criticized the legislation because it did not apply to displaced workers. Asked why he supported the bill nonetheless, he responded, "Because I think we're in a new era where everyone has to give a little bit. We are unified. We must keep that unity." In other words, the bipartisan unity so praised in the media means giving support to the financial requirements of big business, at the expense of the working class.

AFL-CIO President John Sweeney claimed that there was "tremendous recognition" among most Democrats and many Republicans of the needs of airline workers, but he admitted, "We were very disappointed the other night that we didn't get some commitment from the airline employers that they were going to address the workers' issues."

The furthest any Democrat has gone to address the needs of workers is a very limited bill introduced by Senator Jean Carnahan of Missouri. It would establish a Disaster Adjustment Assistance Program to provide aid at levels similar to that provided under the Trade Adjustment Act for workers laid off because of imports—unemployment benefits for up to 78 weeks, and health insurance coverage for a year.

Congressional leaders told the press there would be no action on airline worker relief until at least the first week in October. They cited the Yom Kippur holiday and resulting shortened workweek, although the House of Representatives stayed in session until after 11 p.m. to vote on the airline bailout bill.

The bailout legislation that was passed also protects the airlines from a longer-term financial threat in the form of liability lawsuits by the families of those killed on the ground in the September 11 catastrophe. There were

widespread fears among the airline bosses that they could suffer the fate of Pan American, which filed for bankruptcy after the 1988 Lockerbie disaster. A court found the airline liable for damages because its security negligence had made possible the terrorist attack in which 270 died.

United Airlines and American Airlines initially sought complete exemption from all liability, then settled for taking responsibility only for those who died among their own passengers, not those killed on the ground when the planes were hijacked and converted into flying bombs.

The bailout bill limits the amount of damages the victims can collect, by forbidding any award of punitive damages against the airlines. This demonstrates that despite the official posture of sympathy for the victims and their families, Congress and the Bush administration have a higher loyalty to the viability of corporate America.

Each airline's liability is limited to \$100 million, with the federal government covering any greater amount of damages. While there is no limit to awards for economic damages and pain and suffering, the bailout bill creates a procedure under which victims' families will be strongly encouraged to seek compensation from a special fund created by the federal government, rather than suing the airlines. The fund will pay compensation without the lengthy delays of a court procedure, and the Association of American Trial Lawyers has agreed to provide free legal services to those who forego their right to sue.

Internationally, similar bailouts are in the works. The German government has rushed through an emergency bill to provide insurance coverage for Lufthansa for the next four weeks. Identical measures were adopted by the British government for British Airways and other national air carriers, and by many of the governments in the Asia-Pacific region.



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