

# US airlines exploit crisis to slash jobs and benefits

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At airports and union halls around the country temporary unemployment centers were set up this week to accommodate thousands of pilots, flight attendants and ground crew workers signing up for jobless benefits. As billions of dollars flowed to the US airline industry as part of the federal bailout of carriers hit by the September 11 terror attacks, more than 100,000 workers were being put out of their jobs.

The measures passed by Congress September 21 did nothing to protect the livelihoods of airline workers and their families. Instead it provided a cash infusion to shelter corporate owners and big investors who were facing losses before the attacks led to an even sharper falloff in air travel and profits.

Corporate executives are using last month's tragic events to implement an assault on the jobs and living standards of airline workers that was in the making well before September 11.

Several US carriers, including American, United, Northwest and US Airways—which together have announced 61,000 job cuts—have invoked a rarely used “force majeure” provision in their union contracts. This clause allows airlines to eliminate jobs in an emergency without giving the required notice, paying severance benefits or providing early-retirement incentives.

Karen Watson, a spokesperson for American Airlines, which received \$808 million from the government, said the company would save a “significant amount of cash involved in providing furlough pay.” Ignoring the plight of the 506 pilots and 1,000 flight attendants laid off by American, she said, “What we’re focusing on now is getting the airline back in the air, getting our customers back and building the best airline we can.”

The trampling of workers’ rights was sufficiently blatant to provoke protests from the airline unions, which had boosted the federal bailout of the industry and signaled their willingness to go along with the job-cutting. “These companies have gotten massive bailouts and they are now using this extraordinary situation to walk away from

obligations in their contracts,” said Edward Wytkind, executive director of the AFL-CIO’s Transportation Trades Department.

“The disaster has become management’s umbrella to hide their many operational mistakes over the past few years,” complained Patricia Friend, president of the Association of Flight Attendants. “The result is that flight attendants were barely given time to grieve the loss of our flying partners before we were dealt the second devastating blow of losing jobs and our financial security.”

Under mounting criticism, Northwest and American officials announced they would provide limited severance pay and health coverage. Northwest said laid-off unionized workers would get one- to six-weeks’ pay and medical coverage for the remaining three months of the year. The so-called relief package, however, would not apply to 1,000 white-collar workers, thousands of others who were taking voluntary leaves, or hundreds of pilots and other unionized workers who are to be furloughed in coming weeks.

Meanwhile, United Airlines—which announced 20,000 job cuts—has simply left workers in limbo by not calling them back to work, while not officially laying them off. As a result, these workers are unable to file for jobless benefits.

Earlier this week it was revealed that the airline—which told legislators it could go bankrupt without a massive cash infusion—was wiring \$11.25 million to a French airplane manufacturer as a down payment on an order of 30 luxury jets.

In addition to the slashing of jobs, airline management is demanding other concessions from workers. Several corporate executives, including American CEO Donald Carty, have asked lower management and unionized workers to take so-called “voluntary” pay cuts. Portraying himself as an advocate of equal sacrifice, Carty—who made \$2 million in 2001, about 40 times the pay of most unionized workers—said he would forgo the rest of his salary and other compensation for the remainder of the year.

During the congressional debate on the airline bailout bill, a proposal to extend jobless and health care benefits met

with fierce opposition from Republican leaders. “The model of thought there, and quite frankly, the model of thought that says we need to go out and extend unemployment benefits and health insurance benefits and so forth is not, I think, one that is commensurate with the American spirit here,” said Representative Dick Armey of Texas, the House majority leader.

Others opposed a government bailout in principle, saying weak airlines should be allowed to go to the wall, regardless of how many workers lost their jobs. “We believe in markets, not Marxism,” said Senator Charles Grassley, an Iowa Republican.

Democrats who proposed extended jobless benefits and health care coverage nevertheless allowed the bill to come to the floor without such provisions. A number lamely complained later that they had been fooled by Republican promises to consider the issue later. “Of course, we got rolled,” Representative George Miller of California complained. “Once you give away what they want, why should they give you what you want?” Miller said.

The economic stimulus package now being proposed by President Bush—which focuses on tax breaks and other incentives for big business—will do little for laid-off airline workers. It includes an extension of unemployment benefits for an additional 13 weeks in states where joblessness has risen by 30 percent since the end of August, or where the president declared a national emergency or major disaster in connection with the September 11 attacks.

The three additional months of jobless benefits—which provide far less money than normal pay—will also do nothing for the new-hires, part-time, temporary and contract workers laid off by the airlines and other companies. These employees do not qualify for any unemployment benefits.

As the airlines were slashing jobs and renegeing on severance packages, and congressional Republicans were opposing jobless benefits for airline workers, the unions organized a September 27 rally for President Bush at Chicago’s O’Hare Airport, a major hub for American and United. Union officials led the cheers for the president, who earlier in the year effectively banned strikes by airline workers on behalf of the industry.

Despite the labor bureaucracy’s best efforts to smother any critical voices, signs in the crowd indicated the anger of many workers who were being left out in the cold. One flight attendant held up a sign asking Bush: “Are there any openings on Air Force One?”

The sentiments of airline workers who have past through two decades of attacks on their living standards and jobs were expressed by a Northwest flight attendant from New York on an Internet forum. In a message titled “\$15 Billion for the Shareholders, \$0 for Airline Workers” he wrote,

“Once again the workers of this industry are the ones who will bear the brunt of situations that arise out of things that are beyond their control.... Stockholders will see their investments secured by government loans. Airline workers will hit the unemployment lines.”

The worker said that many airline employees had assumed that as a condition for receiving the bailout, the airlines would be obliged to reduce or cancel the layoffs. He went on to describe the human impact of the layoffs: “Most workers, even those with many years in the industry, have not been able to earn enough to acquire sufficient savings. Bankruptcies and other disturbances in the industry have forced workers to not only use up whatever savings they did have, but to start new jobs at entry-level wages that have in some cases declined by 70 percent over the last twenty years.”

The worker continued: “When the economy was bad the government would aid companies by quickly declaring an impasse in negotiations and thus forcing the workers to have to make the choice of going on strike at a time when they can be easily replaced or accepting the companies’ terms. When the economy was good and airline workers assumed that they could recover some of their losses, we have seen the government flat out tell workers that they would never declare an impasse or the President would not allow them to strike. Meanwhile, airlines went on spending sprees that included everything except their rank-and-file employees. Executive salaries skyrocketed, poor decisions and investments were made, airlines even poured millions into sports arenas and movie theaters. So while employees gave improved productivity at declining real wages, stockholders got dividends.”

The flight attendant concluded: “I realize that at this time of national crisis we must push for unity as a nation, but this is an outrage. This is people taking advantage of the situation to further their own agendas. As the stock market has shown in the last week, the big money players are cashing out on our country. Despite pleas and calls for patriotism, they have been dumping their investments. Congress required that airline executives agree to a three-year pay freeze. Big deal. We have in effect taken a twenty-year pay cut. The laid-off workers are taking a 100 percent pay cut.”



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