United Airlines bankruptcy signals new attacks on US workers

US Airways and American seek millions in concessions

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United Airlines filed for Chapter 11 bankruptcy on Monday, becoming the largest airline and the sixth largest US company to seek bankruptcy protection. The decision followed the refusal of the Bush-appointed Air Transportation Stabilization Board (ATSB) last Wednesday to grant $1.8 billion in loan guarantees to the airline.

The ATSB's decision was a signal by the Bush administration for a massive assault on jobs and working conditions at United Airlines, throughout the airline industry and beyond. Immediately upon filing for bankruptcy, United indicated it would be seeking deep cuts from its pilots, mechanics, flight attendants and other employees. These concessions would be in addition to extensive sacrifices made by workers at the airline over the past decade. Since the September 11 terrorist attacks—in which two United planes were lost—the airline has eliminated 20 percent of its workforce.

In bankruptcy court on Monday, lawyers for UAL—United's parent company—indicated that the airline expects to lose $20-22 million every day this month, three times more than the $7-8 million previously projected. United chief executive Glenn F. Tilton reported that the airline would present a detailed restructuring plan, involving potential reductions and downsizing of services in addition to wage and benefits cuts from workers.

Last month, unions at the airline agreed to $5.2 billion in concessions over the next five-and-a-half years, but these huge cuts were rejected as inadequate by the ATSB. The give-backs demanded from workers are now expected to be far deeper and United could ask bankruptcy Judge Eugene R. Wedoff to rip up existing contracts and impose draconian concessions.

The leaderships of United's three largest unions—the Air Line Pilots Association, the Association of Flight Attendants and the International Association of Machinists—issued statements Monday pledging to work with United to ensure the company's survival. This can mean only one thing: collaborating with the airline in an effort to ram further concessions down their members' throats.

But the experience of more than two decades—since airline deregulation in 1978—has shown that leaving the industry to the unchecked workings of the capitalist market has produced a debacle. Four major carriers have gone out of business and customer service has drastically deteriorated. The union bureaucracy has presided over the erosion of working conditions and the loss of thousands of jobs at bankrupt airlines. Workers are now being asked to further sacrifice in the interest of an air travel system consumed by financial crisis and instability.

The implications for other airline workers of the ATSB's refusal to bail out United were clear even before Monday's bankruptcy filing. At American Airlines, which is losing at least $5 million a day, the company is asking flight attendants, mechanics and ramp workers to give up next year's wage increases. American CEO Don Carty and President Gerard Arpy wrote to employees last Friday evening that the concessions were needed to "buy enough time to find the additional $2 billion in permanent, annual structural changes needed to survive."

American is continuing meetings with employees this week to outline its concessions demands. Tim Doke, an American spokesman, said that workers are being told that they will have to accept cuts similar to those being forced on United workers. Initially, the Transport Workers Union—which represents maintenance technicians, fleet service workers, flight dispatchers, meteorologists, and ground and flight instructors—are being asked to give up their 3 percent wage and premium pay increases due March 1. Flight attendants are being asked to forgo their 3 percent raise due on January 1.

The Bush administration's decision to force United Airlines into bankruptcy has served as a green light to the airline industry and its corporate backers to go for blood. In an interview reported in last Saturday's *New York Times*, the chief executive of the primary lender to US Airways—David G. Bronner of the $25 billion Retirement System of Alabama—said he would force the airline to liquidate if workers refused to give $200 million in additional wage and benefit concessions.

US Airways filed for Chapter 11 bankruptcy protection in August, following provisional approval of $900 million in loan guarantees from the ATSB last summer. The Retirement System of Alabama agreed to provide $240 million in immediate financing and $500 million in debtor-in-possession (D.I.P.) financing as part of US Airway's plan to emerge from bankruptcy. Bronner and the Retirement System of Alabama will effectively control the airline if its restructuring plan is successful, holding 7 of 13 seats on the company's board of directors.

If union members refuse to provide the additional concessions on workrules and wages, Bronner plans to pull the plug on the airline. "What's their alternative?" he asked, "If they don't want to do this, we'll Chapter 7 it." Without the concessions, he said, "we'll pull the D.I.P financing and they're gone."

Bronner further indicated that the airline would have to obtain contracts with its employees "that are in this century and not in the last century." Such a statement has ramifications not only for the US Airways and other airline workers, but for the American working class as a whole. What is posed is the basic restructuring of labor relations in the US, destroying what remains of workers' gains in the twentieth century and returning workers to conditions of exploitation not seen since the 1920s.

This threat to airline workers' jobs, wages and working conditions has evoked little opposition from trade union officials. In fact, Bronner's demands for concessions at US Airways have won support from union leaders at the airline, who stand to win three seats on the company's board of directors if it emerges from bankruptcy. Jeff Zack, a spokesperson for the Association of Flight Attendants, commented, "We'll take Mr. Bronner at his word ... that he's not going to meddle in the company." As at other US airlines, union leaders have been rewarded with seats on boards of directors and other perks, while working and retired union members and their families have seen their incomes and benefits slashed.

At United, the employee stock ownership plan (ESOP) was pushed aggressively by the union leadership in 1994 as a model for workers' participation in running the company and benefiting from its fortunes. The airline's 83,000 employees gave up $4.8 billion in wage concessions in exchange for 55 percent ownership in the company. The bankruptcy court is likely to dissolve the ESOP, leaving workers little to show for their "business partnership" at United. Joseph Schwieterman, economics professor at DePaul University in Chicago, told the Associated Press, "I think the idea of employee ownership will have merely symbolic value. The real money will probably belong to banks and others with deeper pockets."