

Northwest Airlines workers protest attack on pensions and jobs

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Northwest Airlines workers held an informational picket at Detroit Metropolitan Airport's McNamara Terminal June 15 to protest the company's drive to slash their pensions, eliminate more than 2,000 jobs and impose a new round of concessions in wages, benefits and work rules.

At the departure level of Northwest's new terminal (opened in February of 2002), several dozen workers carried signs denouncing the threat to their pensions. They were confined to a small area at one corner of the block-long terminal building, where passengers entering the facility were unlikely to encounter them. When this reporter asked why they were restricted in this way, workers bitterly reported that Wayne County (which oversees the airport and is controlled by the Democratic Party) had refused to give them a permit for any other location.

This in itself pointed to the class lineup that underlies the struggle of workers at Northwest and other major airlines against a massive and coordinated attack on their livelihoods and any prospect for a decent retirement. The giant air carriers, the courts and both political parties—Democrats as well as Republicans—are solidly aligned against hundreds of thousands of workers, whose pension benefits, supposedly guaranteed under union-management contracts, are being ripped up as part of a drive to impose the full brunt of the crisis of the airline industry on the backs of the workers.

The plight of the workers is compounded by the prostration and outright complicity of the AFL-CIO union federation in the decimation of living standards and working conditions that were won in previous decades of bitter struggle.

Northwest, which lost \$458 million in the first quarter of 2005 and a total of \$3.1 billion since 2001, is using the precedent of United Airlines and US Airways to blackmail its employees into accepting its demands for sweeping job cuts, wage rollbacks and a pension freeze that would sharply reduce workers' retirement pay. Both United and US Airways filed for Chapter 11 bankruptcy protection and both airlines won the approval of federal bankruptcy judges to terminate their pension plans and turn them over to a federal agency that is already swamped by corporate pension defaults.

As a result, billions of dollars in unpaid pension obligations have been eliminated at a stroke—a windfall for airline executives and big Wall Street investors that will be paid for in large part by ordinary workers, whose pensions will be gutted.

Northwest is threatening to declare bankruptcy and use the auspices of the federal courts to carry out a similar attack on its workforce, unless the unions agree to concessions that will save the company \$1.1 billion a year. In addition, the airline is lobbying Congress to change the pension laws to allow it to repay its underfunded pension obligation of \$3.8 billion over 25 years instead of five.

As part of its proposal, the airline would freeze its current "defined-benefit" plan (which guarantees definite pension benefits), and convert to a 401(k)-type "defined contribution" plan. This would save the company tens of billions of dollars and subordinate the financial security of retirees

to the vagaries of the stock market—a change that would inevitably and dramatically slash their monthly benefits.

The company is simultaneously employing open union-busting tactics. It has hired a vendor to provide strikebreakers to replace mechanics and cleaners, members of the Aircraft Mechanics Fraternal Association (AMFA), and is recruiting scab flight attendants to replace members of the Professional Flight Attendants Association (PFAA) in the event of a strike or lockout. The two unions are currently in contract negotiations with Northwest, under the auspices of the National Mediation Board. The International Association of Machinists and Aerospace Workers (IAM), which represents baggage handlers, customer service agents, reservation agents and skycaps, is also negotiating under federal mediation.

Last month Northwest asked the mediator to suspend talks with the mechanics (AMFA) and announce a 30-day cooling-off period, after which the union would be legally allowed to strike, and the company could legally lock out the workers. The mediator refused to grant the company's request, but Northwest is clearly preparing a forced strike or lockout, followed by massive strikebreaking, as an option.

Meanwhile, top company executives are selling their own stakes in the company hand over fist. Northwest Chairman Gary Wilson, the largest single shareholder, has sold about 59 percent of his shares since mid-May, including a huge sale reported June 10. The *Wall Street Journal* reported June 13 that, according to Securities and Exchange Commission filings, Wilson had cut his stake to 1.75 million shares as of the previous week from 4.34 million shares on March 31.

Al Checchi, a former co-chairman who worked with Wilson to acquire Northwest in 1989, has sold \$26.4 million worth of Northwest shares since January, according to the *Minneapolis Star Tribune*.

Such massive dumping of stock by company insiders further undermines the financial position of the airline—whose debt has already been downgraded to near-junk bond status—increasing the prospects of bankruptcy and thereby intensifying the campaign of terror and intimidation against the workers. It also gives the union officialdom an added incentive to reach an agreement on the company's terms.

Workers and local officials at the informational picket last Wednesday were well aware of both the brutal nature of the concessions being demanded from employees, and the plundering of the company's resources by high-level executives and big investors. Bob Rose, president of Local 5 of the Aircraft Mechanics Fraternal Association, who has worked as a Northwest mechanic for 17 years, told the *World Socialist Web Site*, "We don't want our pensions to be turned over to the Pension Benefit Guaranty Board. Then, everyone loses, even the retired people.

"One guy at United retired with a pension of \$1,700 per month. When the pension was turned over to the PBGB, it was reduced to \$800 a month. Where is this fair to anybody other than corporate America, which gets out of paying what is due to its employees?"

"All of the carriers are lining up. Delta may be in bankruptcy by the end of the year. I wouldn't be surprised if Northwest was as well. All of the

carriers—and the auto companies too.”

Northwest is demanding that the mechanics union agree to concessions that will save the company \$176 million a year. They include the elimination of 2,800 of the existing 5,300 mechanics’ and cleaners’ jobs, and a 26 percent pay cut for the remaining workers. This is on top of sweeping concessions that were imposed in 1993.

Rose said, “For nine of my 17 years at Northwest, I have been under a concessionary contract. During the entire period, the corporate big wigs’ salaries have done nothing but go up.

“Staffing levels have consistently declined. We went from one mechanic on an airplane, in 1993, to the current situation where we are down to one mechanic for three planes. With quick turnarounds, there is no time to properly service and airplane.

“Since 9/11, my group system-wide has lost 5,000 mechanics out of 9,500. The FAA (Federal Aviation Administration) is as useless as tits on a boar. It has no credibility at all. If it’s not good for the company, the FAA turns a blind eye. They don’t return calls from the union. Very seldom do you see any of them here.

“The National Mediation Board has two members appointed by the incumbent party. So there are two Republicans and one Democrat. One of the Republicans on the board was a vice president of Northwest. So how fair a shake will we get when we go to the mediation board?

“They’re already training scabs in Tucson. They want to force us to strike, bring in scabs and break the union. Bush is backing them to the hilt. They want to go after the mechanics first. In September the passenger load drops off—that’s when they want to force a strike.”

Ed Kovalick has worked for 28 years as a Northwest baggage handler. He is a member of the IAM Local Lodge 141 Executive Board. The airline is demanding \$107 million in annual concessions from the machinists union. He said, “In 1993, when we gave our original concessions, they lied to us and we bought the lie. They said they were bankrupt. Two years later they had record profits.

“Al Checchi, the co-chairman of the board, suddenly had a huge political war chest to run for governor of California. Before his campaign, he bought an \$8 million mansion in northern California. The present chairman, Gary Wilson, dumped about \$12 million in stock last month. The CEO, Doug Steenland, is a former business associate of Frank Lorenzo, the man who destroyed Eastern Airlines.

“The current secretary of labor, Elaine Chao, was on Northwest’s board of directors in 1999.”

Jennifer Judd, Detroit base representative of the Professional Flight Attendants Association, told the WSWS: “They want \$143 million in work rules, pay and benefits concessions. They want to cut vacations, cut our hourly pay by at least 10 percent, stop paying us for training, extend our duty days—they already run 13 hours—and reduce our rest to nine hours.

“In 1993-96 we had concessions. They never paid us back for the stock we had to buy in return for a 15 percent pay cut. They said we couldn’t sell our stock, but they are selling their shares.

“We were supposed to be able to cash in our stock at \$46 a share in 2003. They reneged. Now, if we cash in our stock at the present market price, we will get only \$5 or \$6.

“Northwest is hiring strike-breakers at the Doubletree Hotel in Romulus, only a mile-and-a-half from here. They placed ads in major newspapers for replacement attendants. We went to Doubletree to speak to people who were responding to the ads, and the hotel asked us to leave.

“They are to begin training attendants on July 10. They claim they have no money, but they are paying people \$60 a day for training that lasts 20 days. Then, they will get paid \$500 a month while they wait to be called. Once they are called to fly, they will get a bonus of \$3,000 to \$7,000.

“The crews are short-staffed. On top of that, they want us to sell items, instead of serving them.”

Asked about the impact of airline deregulation, which was launched under the Democratic Carter administration on the basis of legislation sponsored by Senator Edward Kennedy, Peter J. Fiske, a member at large of the PFAA Executive Board, said, “After deregulation there was a new business plan—to make the employees subsidize the company.”

What the workers so starkly lack in the face of the combined corporate-government onslaught is a worked-out and viable strategy to fight back, and organizations willing and able to implement such a strategy. The perspective of the AFL-CIO, based on the defense of private ownership of the airlines and the profit system, and the political subordination of the working class to the two-party system, has led from one disaster to another.

It is necessary to adopt a new policy, based on the building of an independent political movement of the working class and a socialist program. (See “Crisis in the US airline industry: the case for public ownership”)

The union leadership is preparing new betrayals. Two days after the Northwest workers’ informational picket in Detroit, the IAM announced it had reached a tentative agreement for a new five-year contract with United Airlines that will lower costs at the airline. Thus the unions continue to make separate concessionary deals that undercut the position of workers—some of them in the same unions—who are under attack at the other carriers.

Meanwhile, the Air Line Pilots Association (ALPA), which is part of the AFL-CIO, is openly backing Northwest’s demands for massive concessions by the other unions at the carrier. ALPA agreed last December to accept \$265 million in give-backs to Northwest. Its present stance suggests that, in the event of a strike or lockout, it might order its members to keep flying.

Dan Woerth, president of ALPA, is a former Northwest board member. According to the Minneapolis *Star Tribune* (June 14, 2005): “Duane Woerth, president of the Air Line Pilots Association (ALPA), said that Northwest still is fighting to stay out of bankruptcy but that it needs to slash costs and reschedule payments because it can’t continue to borrow money indefinitely...”

“‘I think Northwest is going to force the issue earlier and find out if they can do a deal,’ Woerth said. ‘If Northwest Airlines gives up and says a reasonable person simply can’t conclude that he can get an agreement with the IAM or AMFA, then it’s unreasonable to stay out of bankruptcy.’”



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