

US airlines escalate attacks on workers as losses mount

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The US airline industry, which recorded huge losses in the second quarter of 2008 due to soaring fuel prices, is stepping up its job-cutting and cost-cutting in an effort to resolve its crisis at the expense of workers.

Both AMR, the parent of American Airlines, and Delta Airlines reported second-quarter losses in excess of \$1 billion. American, the largest US air carrier, posted a loss of \$1.45 billion and Delta recorded a \$1.04 billion deficit. Both airlines cited huge increases in the cost of jet fuel. Delta said it paid an extra \$1 billion for jet fuel in the quarter compared to the same period last year. It is predicted that all US airlines will pay an additional \$20 billion this year for fuel, a nearly 50 percent jump.

Continental Airlines reported a \$3 million loss in the quarter, compared to a profit of \$228 million in the same period one year ago. United Airlines, the second largest US carrier, says it expects to post a loss when it reports second quarter results on Tuesday.

The losses come despite revenue gains from raising ticket prices and imposing extra fees for checking baggage and seat selections. Airlines are also cutting back the number of flights and trying to pack more passengers on each plane.

Inevitably, the collapse in airline profits is translating into attacks on workers throughout the industry by eliminating flights and slashing payrolls. American plans to cut as much as 8 percent of its 85,000 workforce, or about 6,800 jobs. This will involve cutting 1,500 maintenance workers, including 1,200 mechanics. Delta meanwhile says it will cut 4,000 jobs this year. Northwest Airlines, which is set to merge with Delta, earlier announced 2,500 job cuts.

Continental Airlines says it will reduce domestic flights and cut 3,000 jobs starting in September. It predicts a 10 percent reduction in US capacity by the end of the year.

Milwaukee, Wisconsin-based carrier Midwest Airlines plans to cut 40 percent of its workforce, or 1,200 jobs. It

is also calling on the Airline Pilots Association (APA) and the Association of Flight Attendants to grant concessions. In a letter to employees, Midwest CEO Timothy Hoeksema called the airline's situation "critical." He warned that bankruptcy could follow if the unions did not help to reduce the company's cost structure.

United Airlines began layoffs of 385 salaried workers in Illinois and California. The airline had previously announced plans to lay off 950 pilots, 15 percent of its total. United has offered early retirement to 600 flight attendants. Comair, meanwhile, said it is laying off 106 workers in Orlando, Florida, beginning in September.

A series of smaller airlines, including Aloha AirGroup, Skybus Airlines, ATA Airlines, Maxjet and Eos Airlines, have gone out of business this year. Frontier Airlines, with 6,000 employees, filed for bankruptcy protection in April. It recently announced 456 job cuts, including pilots and flight attendants.

An analyst for Calyon securities quoted in the *Washington Post* July 17 warned of further drastic downsizing in the airlines. "We're going to have less airlines one way or another—either we will have a consolidation at some point or certain airlines will go out of business. At these high oil prices, we cannot support the size of the industry we have now. We have too many airlines with too many seats and too many hubs."

An analyst quoted by *Forbes* saw a 15 percent reduction in airline capacity by the end of 2008. Another analyst warned: "The third quarter ought to make the Red Sea look dry. It will be awful," referring to mounting losses.

Despite their huge losses, stocks of both American and Delta rose this week, a response to the draconian cost-cutting measures they are implementing.

Accompanying these cutbacks by the airlines are worrying indications that they are posing a threat to air safety. Eight pilots have filed a complaint against US Airways with the Federal Aviation Administration (FAA)

alleging the carrier put pressure on them to fly with less fuel than they felt was safe.

They said the airline called them in for “fuel conservation training” because they carried 10 to 15 minutes more fuel than the FAA minimum standard. The more fuel a plane carries the more it burns because of the added weight. The APA took out a full-page ad in *USA Today* to publicize the case.

Morgan Durrant, a spokesman for the airline, justified the airline’s policy and in the process virtually admitted that the carrier faced pressure to shortchange safety in the interest of cutting costs. “With the high price of oil, it is a balance between having enough to travel safely and also flying efficiently,” he declared.

In April 2008, an investigative report published by MSNBC cited pressure by airlines on pilots to skimp on fuel to the detriment of safety. It said it had compiled a database of complaints filed by pilots with the FAA that “reveal wide-ranging concern among pilots that airlines are compelling them to fly with too little fuel.”

The report cited a bulletin issued by Continental Airlines last year that declared, “Adding fuel indiscriminately without critical thinking ultimately reduces profit sharing and possibly pension funding.”

It quoted one pilot who, after a bad flight, filed a long report that complained, “We’ve taken just about every facet of what we once had as a safety net and reduced it to saving 50 cents where we can.

“I am absolutely confident that if this is the way this company is going to play the game we will soon be on CNN, and not in a good way.”

A major scandal erupted last year when it was revealed that FAA inspectors allowed Southwest Airlines planes to evade years’ worth of critical inspections without penalty. FAA inspectors reported threats by higher-ups for reporting violations.



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