

Bush administration drives United Airlines into bankruptcy

Government panel demands all-out attack on airline workers

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The decision of the Air Transportation Stabilization Board (ATSB) to reject United Airlines' request for \$1.8 billion in loan guarantees is the signal from the Bush administration for an unprecedented attack on the jobs, wages and working conditions of United Airlines employees and workers throughout the industry.

The three-member ATSB—with representatives appointed by the White House from the Federal Reserve, the Treasury Department and the Department of Transportation—rejected as inadequate United's plan to impose \$5.2 billion in concessions on its workforce. The board reportedly demanded that \$9 billion be wrenched from United employees for the loan guarantees even to be considered.

The rejection of the loan package is expected to force United to file for protection from its creditors under Chapter 11 bankruptcy by the end of the weekend. This would be the eleventh airline bankruptcy since the industry was deregulated in 1978. It follows last August's Chapter 11 filing by US Airways. That carrier had previously carried out massive cuts in wages, benefits and jobs and had obtained ATSB approval for \$900 million in loan guarantees.

A United bankruptcy would be the largest in airline history. United is the second largest air carrier both in the US and globally, with 85,000 employees worldwide and service in more than 120 cities. The company lost close to \$4 billion in the past two years and is now losing more than \$7 million a day. It faces nearly \$1 billion in deferred debt obligations in the next two weeks.

A Chapter 11 filing will allow United to petition bankruptcy judges to rip up existing labor agreements and impose sweeping concessions on its workforce, including changes in wages, scheduling and benefits for current employees, and cuts in health coverage and other benefits for retirees.

Competing airlines such as American, Continental and Delta lobbied the ATSB to deny the loan guarantees. They

hope to capitalize on United's bankruptcy by snatching up market share and taking over some of the airline's choice routes, particularly its lucrative trans-Pacific flights. "At the end of the day, it's good for our industry, and it's good for the American people," commented Gordon Bethune, chief executive of Continental Airlines.

The rival airlines will utilize the draconian concessions imposed on United workers via the bankruptcy court to push through similar attacks on their own workforces. Commentators are openly declaring that the new round of wage and benefits cuts and speedup measures at United will set the benchmark for the rest of the industry, and for the labor movement as a whole. The stage has been set for an assault on the working class similar to that inaugurated by the destruction in 1981 of the air traffic controllers' union, PATCO, by the Reagan administration.

The airline industry is also expected to seize on the crisis at United to push for changes in federal law that would strengthen their hand in bargaining with their unionized workers.

It is a sign of the political reaction that permeates the political system and the media that such a brutal assault on tens of thousands of workers is treated as an entirely reasonable business measure. This latest attack by the Bush administration on the working class has evoked virtually no protest from the Democratic Party or the trade union officialdom.

The new assault on United workers follows years of concessions by the unions at the airline. In July 1993, at the bidding of the union leadership, pilots, flight attendants and machinists agreed to wage and benefits concessions—followed by a wage freeze for seven more years—in exchange for an employee stock ownership plan (ESOP) that gave them 53 percent ownership of the company's common stock.

The United ESOP was hailed by the AFL-CIO bureaucracy as a model of "workers ownership." This was a

cynical fraud. The only ones who gained from the deal, besides the airline's bankers and top executives, were the union leaders, who gained three seats on the company's board of directors along with other perks.

For the workers, the net result of supposedly owning their company is the loss of hundreds of thousands of dollars in wages and benefits, the destruction of all shop floor rights, and the constant threat of being laid off. That is the fate of the "lucky" workers who escape the job-cutting axe. As for their stock holdings—these have already plummeted in value and will likely be reduced to zero in bankruptcy court.

The assault on workers at United is the latest in a series of attacks by the Bush administration on airline workers. In February 2001, Bush banned a strike by Northwest Airlines mechanics. Last December he intervened to block a strike by United's 15,000 mechanics.

The move to force United into bankruptcy exposes the hypocrisy of the Bush administration in pushing for billions of dollars to bail out the airlines in the wake of the September 11 terror attacks. In the fall of 2001 Bush justified the allocation of \$15 billion in federal funds as an emergency measure to keep the airlines afloat and save jobs.

Now it is clear that the purpose of the bailout was to position the airlines for an all-out attack on their workers, even if that meant driving an industry giant like United into bankruptcy. The net result of this class war policy will be enormous suffering for airline workers and their families, higher fares, fewer flights and even worse service for the flying public, and a further deterioration of air safety.

Throughout this process, the trade union leadership has worked to extract the cuts and concessions demanded by the airlines. When International Association of Machinists (IAM) members at United voted November 27 to reject \$1.5 billion in wage concessions, the IAM leaders immediately called a second vote to ram the wage cut through.

The United debacle is further proof that the existing trade union structures are incapable of defending even the most elemental interests of the working class. They must be bypassed by the rank and file if any effective struggle is to be waged.

At the heart of the betrayal of the union leadership is its alliance with the Democratic Party, the big business party responsible for pushing through deregulation under the Carter administration in 1978.

A defense of airline workers' jobs and conditions requires first and foremost a political struggle against the industry as a whole and the political establishment that represents corporate management, the banks and the big shareholders. This means working people establishing their own political party based on a program that begins from the needs of the vast majority of the population, not the profit requirements

of the airline industry and other multibillion-dollar corporations and financial institutions.

After two decades of deregulation, it is time to draw a balance sheet. The subordination of the air transport system to the untrammelled workings of the capitalist market has produced a disaster. Hundreds of thousands of workers have lost their jobs. Major carriers such as Pan Am, Trans World, Braniff and Eastern have gone out of business. Service has deteriorated. The scramble among competing airlines to cut costs and gain market share has produced a state of anarchy approaching system failure.

While the right-wing ideologues of the Bush administration and the corporate-controlled media endlessly sing the praises of the market, depicting it as an impartial mechanism that rewards the most efficient and customer-friendly enterprises, the state of affairs at United and across the industry proves the opposite. In reality, the market is a mechanism through which the most powerful corporate interests work their will, more often than not punishing with extinction any firm inclined to more enlightened management policies or showing a higher regard for the flying public and the society at large.

The very notion that such a complex global industry can be operated in a rational manner on the basis of the private accumulation of wealth by a handful of rich and super-rich investors is absurd. The only progressive and socially responsible solution is for the airline industry as a whole to be taken out of private hands and organized as a public utility under the democratic control of the working people, so that the industry can be run in a planned manner to meet the need for comfortable, efficient, inexpensive and safe air transport.

The Socialist Equality Party is committed to the fight for this program. The experience at United Airlines underscores the necessity of transforming the SEP into the mass party of the working class to carry this struggle forward.



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