

Northwest Airlines demands concessions, job cuts in bankruptcy court

By Ron Jorgenson
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Attorneys for Northwest Airlines and the unions representing pilots and flight attendants appeared before a New York bankruptcy court judge last week as the airline sought to bolster its demands for massive concessions for its employees. Northwest filed for Chapter 11 bankruptcy last September either to get a judge to terminate its labor agreements—in order to unilaterally impose wage- and benefit-cutting demands—or to use the threat of canceling the union contracts to increase pressure on the labor bureaucracy to achieve the same aims.

The air carrier went into the hearing having lost \$4 billion since 2001 and is currently losing some \$8 million each day. Northwest is pressing its workers to give up \$1.4 billion in concessions.

The airline is attempting to carry out a restructuring of its operations in a climate of intense competition, higher fuel prices and cheaper ticket prices offered by nonunion companies that has already sent US Airways and United into bankruptcy. Northwest management says it needs to retire parts of its older fleet of carriers and substitute more fuel-efficient smaller jets to operate in the low-cost regional market as well as new and larger Airbus or Boeing jets for more populated routes.

To emerge from bankruptcy the airline needs to raise \$1.25 billion. But in the longer-term perspective of rebuilding the airline it must spend an estimated \$11 billion. The only conditions under which lenders will provide this kind of capital outlay is if the living standards of Northwest workers are reduced to a level which guarantees a high return on their investment.

In the lead-up to the hearings, Northwest floated a proposal to establish two new entities with provisional names of NewCo and GroundCo. NewCo borrows from a scheme US Airways used to establish a low-cost regional carrier that brought back laid-off pilots with a

new wage of \$58,000, less than half of their previous salary of \$120,000. Current Northwest Chief Financial Officer Neal Cohen held the CFO position at US Airways during its bankruptcy restructuring. The Air Line Pilots Association (ALPA), which represents 5,000 pilots at Northwest, estimates the plan will result in the loss of 1,000 pilot jobs.

Meanwhile, Northwest's plan for flight attendants includes arrangements to use nonunion flight attendants for three-quarters of its trans-Pacific and trans-Atlantic flights, and 100 percent of all domestic flights on carriers of 100 seats or less.

GroundCo, aiming to wipe out 5,000 of the 14,000 jobs held by various airport ground workers and ticket agents, brought about an agreement with the International Association of Machinists (IAM), which represents these workers. If workers vote to approve the proposal, the bankruptcy court will not consider nullification of the union's contract.

The IAM agreement calls for an 11.5 percent pay cut that replaces the temporary 19 percent pay cut imposed by a bankruptcy judge back in November. Workers will lose one week of vacation and 12 percent of the workforce will see their jobs wiped out. Expressing the complacency of the labor bureaucracy, IAM District 143 President Robert De Pace in a message to workers called Northwest's agreement to only outsource 84 of the 733 jobs it had originally targeted "really amazing." But a clause in the agreement will give the company power to increase the number of outsourced jobs in the future, meaning that, far from ending the company attacks on workers, the new pact only promises more cuts to come.

The deal with the IAM also indicates that the company and union are still discussing the restructuring of health benefits. Control of pension funds was

transferred from the company to the union, a measure which has a lot more to do with benefiting the labor bureaucracy than union members.

Publicly, the pilots union has protested against Northwest's proposed cuts and threatened a strike should the bankruptcy court throw out its contract. ALPA union leader Mark McClain has termed Northwest's strategy "murder-suicide," as it is estimated that any strike by the pilots of 30 days or more would dissolve the company.

What concerns ALPA and the labor bureaucracy as a whole, however, is not the devastating impact these concessions will have on their members. Above all they are concerned that a court ruling to abrogate the labor contracts would allow management to entirely circumvent the union bureaucracy, thereby threatening the positions and privileges of the union officialdom itself. In an effort to protect its interests the union bureaucracy is seeking to prove its value to the airline bosses and bankruptcy judge.

McClain acknowledged that his union has already agreed to wage cuts of 40 percent to prop up Northwest. As the *Detroit Free Press* wrote, "One recurring debate at the hearings has been whether unions should be entitled to shares in the company in return for their concessions, a move other bankrupt airlines have agreed to."

As opposed to NewCo, the pilots union has supported a new company concept called "N Star." Instead of a separate company like NewCo, N Star would be a division within Northwest that would supply the necessary cheap labor and its pilots would be under the same contract as other Northwest pilots.

At the end of last week, bankruptcy Judge Allan Gropper put off the decision to throw out labor agreements for the pilots and flight attendants and urged the two sides to reach concessions agreements outside his courtroom. Hearings were scheduled to resume Monday.

The maneuverings of the labor bureaucracy both inside and outside of the court have nothing to do with the defense of the living standards of airline workers. Instead, workers' living standards are being bargained away to sustain the bureaucracy.

The antagonistic relationship between rank-and-file airline workers and the labor bureaucracy has been highlighted by the deliberate sabotage and defeat of the

strike by 4,340 members of the Aircraft Mechanics Fraternal Association at Northwest. From the beginning of the walkout last August, other airline unions have instructed their members to cross the mechanics' picket lines and the IAM openly sought to unionize replacement workers.

Minnesota State AFL-CIO President Ray Waldron summed up the complete indifference towards mechanics in an interview with *Minnesota Public Radio*: "Nothing we can do for them now. We can put the body in a bag and try to find its rightful owner. But there's nothing we can do for them today. It's over."

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