

Congress Weighs Role in Airline Mergers

Gary DiNunno, Page One Photography



During a hearing about the proposed Delta-Northwest merger, IAM President Tom Buffenberger called on Congress to provide stability to the industry before a new round of mergers and bankruptcies takes its toll on airline workers.

“When the private sector cannot deliver a service as basic as public transportation, then it is the role of government to step in and provide stability through sensible regulation,” said IAM International

President Tom Buffenberger at a packed congressional hearing to examine the impact of airline mergers.

“Deregulation and the free market have failed utterly to create the benefits that were

promised,” said Buffenberger, pointing to more than 150 airline bankruptcies since the Airline Deregulation Act of 1978. “Competition has decreased, passenger satisfaction is at an all-time low and tens of thousands of good airline careers have been destroyed.”

The recent surge in fuel prices is adding to the chaos, with four airlines declaring bankruptcy in the two weeks prior to the hearing before the House Judiciary Committee’s Task Force on Competition and Anti-Trust Laws.

While the hearing was held to examine the proposed merger between Delta and Northwest Airlines, lawmakers were clearly concerned that this merger

Amtrak Workers Win Contract

After more than eight years of negotiations, aggressive lobbying on Capitol Hill, public rallies and the establishment of a Presidential Emergency Board (PEB), IAM members at Amtrak finally have a contract they can call their own.

“This agreement will cost Amtrak more than \$150 million over its final proposal,” said District 19 President Joe

Duncan. “And it preserves all the job-security provisions that Amtrak sought to destroy.”

The PEB, the last step in a lengthy bargaining process, endorsed nearly all of labor’s demands following a comprehensive presentation by IAM legal and financial experts who dismantled Amtrak’s case at every turn.

The agreement covers

nearly 900 IAM members who maintain Amtrak passenger trains from the busy Northeast Corridor to locations on the West Coast.

“The agreement at Amtrak was made possible because of the strong leadership and unwavering support from the officers and members of Railroad District 19,” said Transportation General Vice President Robert Roach, Jr.

would lead to additional consolidation.

US Airways, United, Continental and American Airlines are all poised to embark on mergers in response to Delta and Northwest. Even Southwest Airlines, which escaped the bankruptcy and restructuring turmoil of the past decade, could be forced to consider a merger to remain competitive.

Regulation Necessary

"Some form of re-regulation is necessary if this country is to have any chance for a safe, reliable, profitable and competitive air transportation industry," said Buffenbarger, who urged Congress to reassert its regulatory authority before an additional round of mergers and bankruptcies takes its toll on employees, passengers and communities.

Ticket-pricing policies are among the leading targets for

sensible regulation. "At the very least, airlines should be restricted from setting fares far below the cost of the service they provide," said Transportation General Vice President Robert Roach, Jr. "Carriers will readily admit they have little control over ticket prices, with the cheapest seats available on the Internet setting the benchmark for all carriers to follow."

Despite carefully-worded assurances from Northwest Airlines CEO Richard Anderson that no "front line" employees would lose their jobs after the merger, lawmakers on the committee and employees who filled the hearing room were skeptical.

"It is both insulting and a testament to these airlines' arrogance that they think anyone believes they can combine these two companies without eliminating service and purging employees," said Roach.



AP/World Wide Photo

Sixty years of passenger service came to an abrupt end for IAM members at Aloha Airlines when the carrier declared bankruptcy in March 2008.

Deregulation Claims Aloha Airlines

After more than 60 years in existence, Aloha Airlines ceased passenger operations on March 31 and became the latest casualty of a deregulated industry that recently witnessed the demise of four carriers in less than two weeks.

Unable to cope with the soaring price of fuel and the impact of predatory pricing by a low-cost competitor, Aloha converted its Chapter 11 bankruptcy restructuring to a Chapter 7 liquidation case.

"Aloha Airlines is the latest, but not the last, casualty of airline deregulation," said Transportation General Vice President Robert Roach, Jr. "Under deregulated market conditions, this industry cannot be both profitable and competitive. Since this industry is essential to our nation's commerce, the government must step in and introduce some sane controls before more airlines and airline jobs disappear."

Battle

"Amtrak failed to negotiate in good faith and the National Mediation Board ignored their statutory mandate to foster agreements, but IAM members refused to give up the fight."

Contract negotiations are continuing for IAM members at the nation's Class 1 Freight rail carriers.



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IAM Transportation GVP Robert Roach, Jr., seated, far right, joins rail union leaders and, standing, from right, TCU President Robert Scardelletti, TCU Vice President Joel Parker, and Congressman James Oberstar at the signing of the Amtrak tentative agreement.