

The Public and Congress should be Up in Arms over the Bankruptcy Filing at the airline called “American”



AMR, parent of American Airlines and American Eagle, filed for bankruptcy last week even though the company is sitting on \$4.1 billion in cash and is able to pay its bills. AMR's ads in USA Today and the poor excuse for news coverage on network television last Tuesday would lead an average person to conclude that this bankruptcy is no big deal because the planes will still fly, passengers won't lose frequent flyer miles and for all intents and purposes, business will run as usual.

Unfortunately, bankruptcies are a big deal. The federal

bankruptcy courts are being used to bail out a failed management strategy for a company with lots of money in the bank. The public and members of Congress should be up in arms. Furthermore, if we are to learn any-

The [AMR bankruptcy] “is a moral failing”.

thing from earlier airline bankruptcies, the Pension Benefits Guarantee Corporation (PGC) will likely be loaded down with billions of dollars in employee pensions to cover, thousands of workers will lose their jobs and thousands of others will be affected as a result of broken contracts. Passengers will fly on planes that are less safe. Shareholders, including many seniors and charitable institutions, will lose their investments. Municipalities will lose their tax base. Meanwhile, the executives who concocted this scheme will self-deal themselves a king's ransom in newly issued shares.

This failure by both business and government makes you want to go out and “occupy” something.

Tens of thousands of TWU members who maintain, repair and service planes that carry millions of passengers on American Airlines and American Eagle deserve better from this company and the government. Our members are part of the 99 percent, working every day to take care of their families, and pay their bills and taxes.

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We have been trying to do our jobs and more. In 2003, TWU members at American and American Eagle agreed to concessions of more than a billion dollars. We boosted productivity and brought in hundreds of millions of dollars in outside work to help AMR's bottom line.

Why did we do this? Air travel -- and airline profits -- fell dramatically after 9-11, and many carriers were forced into bankruptcy. TWU members decided it was better to control their own destiny. With labor costs cut dramatically outside of bankruptcy court, we reasoned, management

would take the necessary steps to put the business on a sustainable path.

TWU members lived up to their part of the bargain. But management blew it. They didn't modernize their fleet, missed merger opportunities, got stuck with higher fuel costs, lost money year after year -- and rewarded themselves with hundreds of millions in executive bonuses.

Steven Gandel, writing the “Curious Capitalist” column at Time.com, asks: “Where was the cash crisis that pushed the company over the edge?”

This bankruptcy is a very bad deal for an airline that likes to be called “American.”

The answer: “It doesn't appear there was any... Other airlines have used bankruptcy as a way to force its workers to take lower paychecks and benefits. American Airlines wants the ability to do that too.”

Members of our union will fight hard to make sure that front line workers don't pay an unfair price for management's failings.

Until now, American Airlines has done more maintenance in-house and in the United States than any other major US-based airline. Other airline bankruptcies have led companies to send aircraft overhaul and other repair work to poorly regulated, largely unsecured maintenance facilities in third world countries.

The dirty little secret of the U.S. airline industry is that most passengers -- subject to rigorous security screenings before they get on a plane -- have no idea where the aircrafts on which they fly are maintained or under what conditions. The Federal Aviation Administration is supposed to inspect overseas repair facilities, but they don't have enough staff to do the job properly. This problem existed before the FAA became Congress' ping-pong table, with back and forth partisan matches, 22 temporary funding extensions, one embarrassing shutdown and no agreement in sight for a permanent budget for this critical safety agency.

What kind of risks will passengers face if American sends its maintenance overseas?

- In 2003, according to the Inspector General of the U.S. Department of Transportation, a member of Al Qaeda was discovered working at a maintenance facility in Singapore.
- In 2009, according to an investigation by National Public Radio, workers at U.S. Airways discovered crossed wires in the cockpit of an aircraft about to take off. The crossed wires could have given pilots the wrong signal about whether or not their engines were actually working.
- In Beijing, where a company called AMECO repairs planes for United, five licensed mechanics supervise 2,500 unlicensed workers -- a ratio of 500 to one.

The outsourcing of aircraft maintenance is a disaster waiting to happen -- and we're determined that it won't happen at American or American Eagle.

Bankruptcy should not be an excuse to lower standards for airline workers or passengers. The AMR bankruptcy is what The New York Times has rightfully termed “a moral failing.” This bankruptcy is a very big deal. This bankruptcy is a very bad deal for an airline that likes to be called “American.”

James C. Little is president of the Transport Workers Union of America, representing more than 200,000 active and retired workers, primarily in the airline, transit and gaming sectors.