

## DEATH OF UNITED–US AIRWAYS MERGER IMPERILS afa

The afa has been trying to panic F/As into joining by arguing that we will desperately need its protection *when* Delta merges with another airline. Actually, we'd be better off union-free in the event of a merger, but that's become academic. Now that the United and US Airways merger is kaput, there's no motivation for Delta to merge. Consequently, the afa will have to try and find something else to scare us with. Trust us, they *will* try.

The afa failed to get United F/As a raise in arbitration. Now it will not be able to get them a raise for supporting the merger. As we stated in *Vicious e-Truths #2*, "If it [the merger] isn't approved, **chalk up a colossal blunder to the afa.**" United was willing to renegotiate if the afa would approve the merger, but the afa refused because "*United owes us that!*" Thanks to that brilliant strategy, United F/As won't get raises this year and will remain mired in their onerous ten year agreement. The afa, suffering perhaps from another of its periodic delusions of competence, will of course continue to insist it can get *us* raises.

US Airways management has maintained forcefully that it cannot remain in business without the merger. Gordon Bethune, CEO at Continental, disagrees. He says US Airways has valuable property and can survive if it brings in capable management, negotiates reductions in pay, eliminates unprofitable routes, and increases productivity. We're certain the afa will agree to lower pay if the opportunity presents itself. Why not? Dues will remain the same even if pay is slashed. Alternatively, US Airways' assets will have to be sold piecemeal and thousands of US Airways F/As will find themselves unemployed. When (if) they find new jobs with other airlines, they'll lose their seniority and have to take substantial pay cuts as new hires. Sadly, they're in a lose-lose-lose predicament – lose now, lose later, or lose everything. The afa's claims of being able to protect us are once again being exposed as overwrought, exaggerated and unfounded hype (aka "BS.").

## IT'S THE ECONOMY, STUPID ...

afa e-mail of late is criticizing Delta for cutting costs. Example: "*I bet they are experimenting with cost-saving measures... What is next???*" Speaking of expected cost cutting measures, "*None of this---repeat---NONE OF THIS could be done if we had a contract!*" Baloney. Business is pitiful, bankruptcies are proliferating, and layoffs are epidemic averaging 422,500 per week! Over 3,000,000 people who have been laid off have not been able to find new jobs. Over a thousand US Corporations are reporting either losses or significant "earnings shortfalls." Investors (i.e. 50% of our population) have lost five trillion in the stock market crash – so far. Auto sales are nose-diving. Chrysler sales, for example, are off a gigantic 24%! The only reason auto sales haven't tanked even further is that big three rebates now average a record \$2,300 per car. Lucent Technology has seen its stock drop from \$80 to \$8.40 and it's losing \$1.47 per share. 3Com's stock has fallen from \$200 to \$5 and it's losing \$1.67 a share. PSI Net has dropped from \$60 to \$.18 a share (note: we're talking 18 cents a share). Amazon has fallen from \$100 to \$16 and is losing \$3.78 a share. iVillage has dropped from \$60 to \$1.40 a share. It's a close call whether these and legions of other companies will survive. This is just a sprinkling of companies in trouble. If you want to learn about more, check out Merc, the Gap, Sherwin-Williams, Hewlett-Packard, Dan River, Gucci, Best Buy, Circuit City, Maytag, Heintz, Polaroid, Kodak, Xerox, Procter and Gambell, and .... throw darts at the Dow, S&P, and NASDAQ indexes and 90% of the companies you hit will also be in big trouble. How is all this affecting the airline industry? This from Bloomberg, Reuters, the AP, and the Houston Chronicle tells us:

*"The rapid decline in business travelers has prompted increasingly dire warnings about airline profits... We are increasingly pessimistic on the profit outlook for 2001 based on **dramatic cut-backs in corporate travel that cut far deeper than in the past,**" said airline analyst Sam Buttrick of UBS Warburg. "In the past, corporations have given lip service to cutting travel. **This time, they're really doing it.**"*

As a result of these "dramatic cut-backs," major airlines are losing hundreds of millions of dollars a quarter and things are about to get even worse. The Business Travel Coalition says 86% of U. S. corporations plan to cut business travel by an average of 28% more! Delta lost well over \$100 million in the first quarter and is expected to lose between \$140 and \$160 million in the second quarter. Is Delta trying to cut costs? It better be! Would the afa be able to help? Sure, just like a guillotine could help cure dandruff.

## LEGALIZED LIES

Almost every day we see afa organizers and supporters first belly-aching about something and then proclaiming things like, “*This couldn’t happen if we had a union,*” “*Work rules are clearly defined,*” “*When you have a contract, it specifies what will happen to a reserve, when that may happen and how many times a month it may happen, period,*” You name it and somewhere along the line complainers have been assured their concerns would be addressed successfully if the afa gets in. The only reason they can get away with such outlandish blather is, unlike management, the law allows unions to lie and make preposterous claims and promises. **If you deceive people to get their money, that’s fraud. If you deceive them to get their votes – so you can get their money - that’s union organizing.**

The truth is that **the only thing hiring a union does is give it the right to ask for things. It does not guarantee that a union will get anything, not even seniority rights as basic as bidding, lay-off and recall by seniority. If a company doesn’t agree to a seniority provision, it does not exist.**

Furthermore, hiring a union does not insure that pay and benefit levels, existing policies, or anything else not mandated by applicable law, will remain the same. It does not insure that restrictive work rules will be negotiated. Everything is subject to bargaining. If the afa gets in, toe-tag afa supporters are apparently counting on Delta to go easy on the afa in negotiations, but loyalty is a two-way street. Why should Delta continue its policy of providing industry leading compensation and F/A friendly policies like Auxiliary if F/As, in effect, tell Delta to go to blazes and place their faith and future in the afa’s bungling hands? Why should Delta go easy in negotiations when the economy is tanking and it’s incurring huge losses? Why should Delta continue going to great and expensive lengths to prevent lay-offs? Why should Delta continue its policy of paying us so much more than the other carriers? [The afa will try to counter this by saying Delta pays pilots more than the other carriers and they’re unionized. True. They get 1% more than United pilots. If Delta just paid us 1% more than United F/As, we’d take pay cuts ranging most likely from 17% to 20% (*Vicious Truths #73*). As the song says, “Wouldn’t that be lovely?”]. Union bureaucracy, belly-aching, obstructionism, etc., would increase operating costs substantially so why shouldn’t Delta take advantage of its bargaining strength to curtail costs in negotiations?

Of course, there’s no guarantee that Delta and the afa would even reach agreement. afa contracts are quagmires of bureaucracy. US Airways’ is 280 pages long and United’s is 335. Most of the verbiage deals with procedures and includes issues as monumental as what to do if a dumb waiter in a 747 fails. The afa would be hard pressed to negotiate an agreement without all of this minutia because its other carriers would expect similar treatment. But, the fact that other airlines negotiated lousy agreements does not commit Delta to follow suit. We believe Delta would follow precedent widespread elsewhere in industry and refuse to agree to any significant restrictions on its right to assign work. If the afa gets in, it’ll nit-pick everything and trash Delta at every opportunity to justify its costly and unnecessary existence so why shouldn’t Delta take advantage of the afa’s weakness and ineptitude? Negotiations aren’t beanbag, they’re hardball!

**RIP UP THOSE CARDS!!!**