

Airlines All Descending Into the Maelstrom?

by Anita Gallagher

I no longer hesitated what to do. I resolved to lash myself securely to the water cask upon which I now held, to cut it loose from the counter, and to throw myself with it into the water. I attracted my brother's attention by signs, pointed to the floating barrels that came near us, and did everything in my power to make him understand what I was about to do . . . but . . . he shook his head despairingly, and refused to move from his station by the ring-bolt. . . . With a bitter struggle, I resigned him to his fate, fastened myself to the cask . . . and precipitated myself with it into the sea, without another moment's hesitation.

The result was precisely what I had hoped it might be. As it is myself who now tell you this tale—you see that I did escape.

The great American methodological thinker Edgar Allan Poe might have written his famous short story as fictional advice for America's airline industry, which is making its own "Descent Into the Maelstrom" to certain destruction, so long as it holds fast to the "ring-bolt" of deregulation and shareholder value. Instead, like the sole survivor of Poe's shipwreck, the airlines must let go of prevailing financial dogmas, and demand the completely changed Federal approach which Presidential candidate Lyndon LaRouche's has called for: *re-regulation* and the creation of a "Super-TVA" infrastructure-building Federal agency serving the nation's general welfare.

The pace of disasters for the airlines is, like the the ship's descent into Poe's whirlpool, in a sickening acceleration.

Bankrupt United Airlines announced that it will seek to nullify all its existing labor contracts by filing an 1113 motion in U.S. Bankruptcy Court on Dec. 26, and ask the court to set new wages, work rules, and benefits. The filing puts intense pressure on the unions to agree to \$2.4 billion a year in give-backs—twice the amount United demanded only two weeks ago, before it declared bankruptcy on Dec. 9—to maintain a union contract.

The filing timetable will settle the issue by Feb. 15, when United must show its debtors-in-possession (DIP)—J.P. Morgan Chase, Citibank, CIT Group, and Bank One—how it will reduce its \$22 million-a-day losses, in order to receive the next \$700 million in interim financing from the DIP lenders. Should it fail, the debtors-in-possession could pull their fi-

nancing and liquidate United—which, with flights to 1,700 national and international destination, has the best fleet and route network in the industry. The other carriers would then pick its bones, grabbing "profitable" routes. Carriers are already maneuvering around the upcoming sale of United's assets indicated by CEO Glenn Tilton.

With bankruptcy, United won a 60-day payment holiday on its aircraft lease payments, and United will now decide which leases to dump, and which to renegotiate. United has sent 2,500 letters to aircraft lessors and financiers, seeking both to make them into shorter-term operating leases, and cut rental payments by at least half. More than 10% of the nation's commercial aircraft are now parked in Southwestern deserts, rotting. The lessors have a choice of getting less, or getting nothing—which will lead to bankruptcy and unemployment in the aerospace industry, which axed 83,000 workers last year!

The Halt Buys the Lame

Retirement Systems of Alabama (RSA), the debtor-in-possession of seventh-largest U.S. Airways, recently threatened to liquidate that carrier, if its unions did not agree to an additional \$200 million in annual cuts. RSA itself is already unsound, having paid out more in pensions than it received last year, because of its \$2.77 billion asset loss. Among its biggest losses were \$500 million in bonds it held in U.S. Airways, United, Delta, and American. RSA's financial chief, David Bronner, has now positioned it to recoup its losses as U.S. Air's debtor-in-possession, dictating austerity to pay the bondholders. No one but LaRouche is defending the integrity of the air transport system of the Eastern United States.

Third-largest Delta Airlines will lay off 4,000 employees next Spring, besides 4,000 early retirements. These layoffs will degrade the Delta hubs in Atlanta, Salt Lake City, and Cincinnati, in particular. In the past week, the National Mediation Board reversed its preliminary finding, that Delta had illegally interfered in a union representation election for its 30,000 flight attendants. This was the largest private sector union election in the nation in more than 30 years.

The only way up from this whirlpool of destruction, is two pieces of legislation proposed by LaRouche. First, a "Super-TVA," which, LaRouche says, must be enacted on the Federal and state level, to save our air and rail transportation systems, our water-management, energy-generating, and other systems. And, the Federal government must repeal all of those changes in law, which were made over the past 35 years, which took us from a fixed-exchange-rate international monetary system, to a floating-exchange-rate system; away from a protectionist policy, toward a free trade policy, and into massive deregulation. The Federal government must re-regulate, and supply *protection* to the investment in these infrastructure programs.

Or, as Poe would put it, let go of the rapidly sinking ship, and escape by scientific principles which insure survival.