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Tomorrow, 13,000 highly skilled employees of United Airlines --- all of them members of the International Association of Machinists and Aerospace Workers will decide in a free and democratic vote whether or not to accept the recommendations of Presidential Emergency Board #236.

President Bush appointed the Board on December 20 of last year for the purpose of trying to break a two-year logjam in negotiations between United and the IAM --- and to prevent, thereby, a strike.

The members of this board stepped into the middle of an exceptionally complicated situation.

Believe me --- this is not your granddad's contract negotiation.

The issues in dispute between United and the IAM go back to 1994, when in response to a threat by United management to sell off the carrier piece by piece, our members agreed to secure the company's future by making very painful concessions, including a 14.7 per cent cut in wages.

And what did we get in return?

We got an ESOP --- an Employee Stock Ownership Plan --- that was intended at the time as a mechanism to ensure that ultimately, our people would share in the company's future success.

In his testimony before the Presidential Emergency Board, Robert Roach, Jr., who is today a General Vice President of the IAM, discussed the expectations of that time.

"We referred to the wage cuts taken by the employees at that time as wage investments," he recalled. "They were investments in saving company jobs. We were banking on the future of United."

For United, this turned out to be a very good deal.

Just consider,

In the two year period prior to the concessions of 1994 and the creation of the ESOP, United lost \$1.3 billion.

In the six year period following the ESOP agreement, United's capacity grew by 15.3 per cent.

Revenue passenger miles increased in that period by 17.2 per cent, the workforce grew by 27 per cent and profits totaled \$4 billion.

And labor costs?

Thanks to that 1994 agreement, labor costs were flat.

Because there is no new contract, they still are.

Any way you want to cut it, that's just not acceptable. And that is why, prior to the President's decision to empanel the Emergency Board, almost 100 per cent of United's mechanics made it known via a formal vote that if negotiations do not reach a fair and successful conclusion, they were prepared to strike.

In that context, I have for management at United a piece of free advice.

When your mechanics tell you they've had it, listen up. Believe them.

They mean business. And as an experienced reader of this membership, I can tell you with certainty that these folks are not --- repeat, not --- about to back down.

OK --- I 'll bet I know what is running through at least some of the heads in this room right now.

"That's the best deal they can get," you're thinking.

Well --- I can understand that point of view,

But I want you to understand why those members are not about to back down.

So, I ask you to consider the findings of the Bush appointees who served on Presidential Emergency Board No. 236.

"The IAM-represented Mechanics and Utility employees," said the Board, "have shown since at least 1994 their willingness to support the carrier where it counts --- in their paychecks. They accepted below-market compensation in exchange for acquiring an

ownership stake in the Carrier and continued to receive below market compensation in the intervening eight years."

"Their commitment," the Board report continues, "contributed to United's ability to expand and to thrive in the latter half of the 1990s when United amassed record profits totaling many billions of dollars. When the pilots and United's other employees groups began to receive wages at or above the industry leaders in 2000, the Machinists received a 'snap back' to their 1994 levels of pay, but continued to work at lower compensation than was provided to Mechanics and Utility employees at the other major carriers."

How much lower? Here again let me quote the findings of the Board.

"As of the present date," says the Board report, "the all in rates for senior Mechanics at the other major carriers were as follows,

- American Airlines ---- \$34.00 (32.8% over United rate)
- Northwest ----- \$33.10 (29.3% over the United rate)
- U.S. Airways ----- \$30.08 (17.5% over the United rate)
- Delta ----- \$28.76 (12.3% over the United rate)
- Average (unweighted) \$31.49 (23.0% over the United rate)

Given these findings --- and the numbers that accompany them --- it can have come as no surprise to any even remotely objective observer that Presidential Emergency Board No. 236 recommended substantial pay raises and pension improvements for the IAM members at United.

What happened is that those Machinists earned those raises the old fashioned way: they worked hard for them.

"There is simply no justification," the Board concluded, " for the company's initial proposal which would perpetuate the Machinists' position significantly below the compensation paid at major carriers and would single out the Machinists at United for such treatment even within the context that saw the pilots, flight attendants and other employees become industry leaders in terms of compensation."

Clear enough?

I think so.

But at least one prominent individual in this city was appalled --- simply appalled --- by the recommendation of this Presidential Board.

I speak, of course, of Robert Novak, the legendary Prince of Darkness and voice of the hard right wing of the Republican Party.

The Board's recommendations, wrote Novak, were "not what President Bush had in mind a month earlier when he selected the emergency board to prevent an IAM strike against United."

"How," Novak asked, "could Bush's handpicked board do this?"

Mr. Novak's question implies – and I am certain others have explicitly said --- that this Board gave to us a real gift.

We ought to grab it, they say --- grab it and run.

That, I think, is exactly what some pretty smart people think that we are going to do.

But if I were a betting man, I don't know that I would put a whole lot of money on that result.

The IAM members who will be voting tomorrow are men and women who on many more than one occasion have been burned badly by United management.

They are skeptics.

They've learned to read the fine print. And when they go beyond the Board's recommendations in principle with regard to wage and pension issues, they do not like what they see.

On page 27 of its report of the Emergency Board to the President, there is a passage underlined for special emphasis.

Here's what it says.

"Given the aftermath of September 11 for United, the Board would be unable to recommend the industry leading wages and benefits set forth herein without agreement on appropriate IAM participation in a financial recovery plan."

What does that mean?

As I read it, this is a statement to the effect that although the men and women of the IAM are in principle deserving of a substantial upward adjustment in their pay and benefits, they must be prepared in the current circumstances to give it all back in the context of UAL's post -September 11 recovery plan.

What's more, the Board made recommendations --- substantive and detailed ones --- on just what the givebacks ought to be and how the recovery program ought to operate. And

if these recommendations are indeed a part of the package, many of our members---- perhaps even a super majority of them --- will just vote "No" tomorrow.

Here's why.

In spite of what the Robert Novak's of this world like to say and write about them, the men and women who constitute the labor movement --- and especially, the IAM --- are a pretty sharp bunch of people.

They know as well as anyone, that as a result of the horrible events of September 11, the airlines, United included, have sustained very big financial losses.

But they also know that the industry --- and their company --- will be back. Not necessarily tomorrow nor the next day. But it will be back soon enough.

They also know that any contract they agree to will last not just five years but, due to the weird way negotiations are prolonged by the Railway Labor Act, their five year contract could last until 2007 or even 2008.

And they know that the PEB's recommendations which constitute for purposes of tomorrow's vote United's last, best – and only – offer to date, they know that it contains no job security language, insufficient retirement benefits and a retro payment plan that is no more than a multi-million dollar loan to the carrier.

Tomorrow, those 13,000 employee-owners at United Airlines will vote on the recommendations of the Presidential Emergency Board with all its pluses and minuses.

They will be voting to authorize a strike with all the pain and inconvenience that entails – for their families, for their friends, for their employee-owned company, for the flying public.

But vote they will.

The IAM is a democratic union.

When a strike vote was taken – and one was taken in December 2001 –IAM members walked into the union hall or voting station and cast a ballot. That vote wasn't even close – 99% of the members voting voted for a strike.

Tomorrow, the men and women who must live and work under the terms of the PEB's recommendations will vote twice. They will vote to accept or reject the company's last, best – and only – offer to date. And they will vote whether to strike their carrier at 12:01 on February 20th.

The IAM Constitution is the instrument that protects their right to vote on their own future. It requires a two-thirds majority of votes cast to authorize a strike. That 66 2/3's requirement assures us --- and the public --- that it is the will of the membership to strike.

An IAM Official Circular requires us to place before the membership for a vote the last, best offer by a company. A simple majority vote --- 50 percent plus one – dictates whether they will accept or reject the tentative contract.

But the key point to remember is that, in the Machinists Union, the members decide. The members vote. The members know what's best for their families.

Wednesday morning --- after the ballots are counted --- one of two things will have happened. Either the contract will have been ratified ... or it will have been rejected.

If it is rejected, negotiators have exactly one week to reach a new agreement. If they cannot reach a new tentative agreement, a strike will occur.

Barring an agreement, no one --- I repeat, no one -- can stop that strike. But two men can delay that strike.

Jack Creighton can.

George Bush can.

Jack Creighton can delay that strike indefinitely by placing viable and negotiable terms on the table, terms that respect and reflect our IAM member's position on job security, retirement benefits, retro pay and carrier-wide concessions.

George Bush can delay that strike by asking the United States Congress to pass legislation extending the "cooling off" period.

He will have to act fast.

The clock is ticking.

Congress leaves town on Thursday --- after a bruising battle over campaign finance reform.

But intervening in these negotiations will make that fight look like patty cake.

Both the President and Congress should know up front, however, there'll be hell to pay if they intervene in these negotiations. That's not a threat. That's not a promise. It is a simple statement of fact.

The Machinists at United Airlines are not a shy and retiring bunch. They are not easily bullied. They take their right to vote on a contract very seriously.

And they are known as "Fighting Machinists" for a damn good reason ... just ask Frank Lorenzo.

Should they vote to reject the PEB's recommendation, only an idiot would try to shove an even worse deal down their throats. And only a village idiot would try to steal their right to vote by asking Congress to impose the terms of a contract on them.

Tomorrow, those employee owners at United go vote.

It is what a democratic union does.

And the IAM is that.

The IAM is also prepared to defend that vote with every thing it has.