

SPECIAL REPORT

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Why AMFA Failed at Northwest Airlines

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As the time fast approaches for our 2009 contract negotiations, and as we consider the upcoming vote to change our bargaining representative, it is critical for all aviation mechanics and related personnel to understand the representation the Northwest Airlines mechanics received from AMFA in regards to the handling of job security. From the time AMFA became certified, up to and including the devastating strike, a long string of failures shaped their members' destiny.

It is notable that the very same team that spearheaded the Northwest Airlines negotiations and strike—AMFA, the Seham law firm, and the Seneca Financial Group, is the team currently in place to represent us in the 2009 negotiations.

In an effort to rewrite history, the AMFA wants everyone to believe that if not for other unions turning their backs on them, they would have prevailed. The unknown author of AMFA's "Common Sense", Issue #2, states that the lack of other unions' support "played the primary role in the failure of the NWA strike." When AMFA Assistant National Director Steve MacFarlane visited our Teamster organizing open house in Denver, he was asked in regard to the NWA strike: "What was your plan?" His reply was, "We believed we would be supported by the other unions on the property."

A review of the documents leading up to and during the strike shows that the opposite is true; there is little mention of support or any meetings with the other unions prior to striking. In fact, the AMFA continuously relayed correspondence that would lead their members to believe they could win on their own. Steve MacFarlane's quote in the Washington Post three days into the strike, "We never expected the others to honor our picket line, but of course we would have welcomed that. But we never calculated that as a part of our strategy," stands in stark contrast to what he would now like us to believe.¹

The following is the chronological chain of events depicting AMFA's inexperience and incompetence when it came to negotiating and protecting their members' jobs at Northwest Airlines.

SEEDS OF DESTRUCTION

On June 1, 1999, the AMFA was certified to represent the NWA mechanics and related personnel with 9,504 eligible voters. Over the next two years, AMFA proceeded to rewrite major portions of the previous NWA/IAM Collective Bargaining Agreement (CBA), including Article 2 "Scope of Agreement". A concessionary 38 percent (38%) outsourcing allowance (of labor costs) was put into the contract with provisions for quarterly reports, an annual audit of these costs, and a financial penalty to be paid directly to AMFA if exceeded.

Article 2.2

"The Company agrees that the following Subcontracting Limits shall not be exceeded:

*(a) Airframe, Engine and Component Subcontracting Outside Vendor Labor dollars (less labor from insourced work, not including insourced LMO labor) shall not exceed **Thirty-eight (38) percent** of total labor dollars spent on Outside Vendor Labor plus In-house Labor."*

Most unfortunate for the membership, AMFA negotiators and their lawyers also agreed to exceptions even to this limit—the so-called "force majeure" provisions that would allow NWA management to ignore and surpass the 38 percent limit. In spite of the assurances by the then Local 33 President Steve MacFarlane that the contract provided the best job protection in the industry, the failure to recognize the danger of this loophole would haunt the NWA mechanics to their eventual demise.



FORCE MAJEURE AND CONTRACT LANGUAGE

Over the next 4 years NWA eliminated nearly 5,000 jobs, citing “Force Majeure”, circumstances beyond their control. NWA justified the first sets of furloughs on account of the September 11th attacks. It justified the second round of furloughs on account of the Iraq War and the SARS virus. AMFA attempted to arbitrate both rounds of furloughs and lost both times.

The ironic and most problematic consequence of the AMFA’s failed arbitration is that the AMFA had asked the arbitrators to rule that the company must cease and desist any subcontracting while their members were on furlough. Relying on contract language that the AMFA and its lawyers had sought to modify, but failed to change, both arbitrators ruled against the AMFA, and stated that NWA has the right to subcontract pursuant to the CBA. In so ruling, the arbitrators held the company had the right to furlough due to “circumstances beyond their control” (Force Majeure). What’s so distressing and so pathetic is that the arbitrator also believed that the company was acting in accordance with the subcontracting limits of the CBA and that nothing would preclude them from continuing to outsource, even with thousands of mechanics on furlough. The AMFA tried to negotiate language to prevent this during the Section 6 negotiations, but was unable to get it. Experienced negotiators know that whenever they attempt to modify existing contract language, but fail to achieve such a modification, that contract language invariably will be construed in a light that is most unfavorable to them. This was certainly the case for the AMFA, as its failure to modify the subcontracting language deprived it of any credible argument that the existing language prevented NWA from subcontracting work while bargaining unit employees were on furlough. What follows are excerpts from both arbitrators’ decisions: (Force Majeure 1 Arbitrator’s Findings)ⁱⁱ :

- *“Finally, there is the issue of whether Northwest was obligated to cease or reduce subcontracting because AMFA-represented employees were in furlough status. AMFA has cited the text of the “Subcontracting Limits” found in Article 2 of the parties’ collective bargaining agreement. A review of the language of this Article discloses no prohibition upon the Carrier which would require that subcontracting cease in the event there are AMFA-represented employees in furlough status.”*
- *“The language of the agreement provides that certain subcontracting limits shall not be exceeded.”*
- *“There is no evidence in the record to indicate that the Carrier exceeded the subcontracting limits”*

The arbitrator also notes company denies that subcontracting is an issue in this case and points out that the record confirms that outsourcing is permissible under the agreement. They also state that the amount of outsourcing has declined over the past three years and is **below** the cap set forth in the agreement. The Association had previously attempted to gain in negotiations a pledge that no furloughs would occur while any aircraft maintenance work was outsourced, but they **did not** succeed in achieving that outcome. *“Therefore, the Association should not be allowed to gain in arbitration what it did not get in negotiations.”* (Force Majeure 2 Arbitrator’s Decision)ⁱⁱⁱ

Simply put, the carrier was able to eliminate nearly half the work force via the “Exceptions” to the job security language on page 3.12 of their CBA. Note the words “...includes, but not limited to:” which was referenced in the arbitrator’s decision. At one point the arbitrator stated that if he was to believe AMFA’s argument that September 11th was not a “War Emergency” provided for in the CBA, then the words “including, but not limited to...” would still qualify 9/11 as a “circumstance beyond the company’s control”.

NWA/AMFA Contract, Article 3.12

A (2) “The system layoff protections set forth above shall not apply in the event a circumstance over which the Company does not have control is the cause of the layoff. The term “circumstances over which the Company does not have control” includes, but is not limited to:”



The downturn in the industry caused many carriers to cut back in capacity, park some aircraft and furlough accordingly. Over time, the airlines recovered from the economic effects of the early 2000's. The difference at NWA was that the company permanently outsourced their mechanics' work while they were on furlough status and never brought it back in-house. Despite the assurances by the NWA ACAC Jeff Mathews in his June 14, 2004 communiqué "...that once the effects of the Iraq war and SARS are over, Northwest Airlines is obligated to restore the jobs furloughed by force majeure," it never happened. Northwest was able to do so because of the poorly negotiated job security language of the CBA. When other carriers began to recall employees as things picked up, the NWA mechanics didn't have the work to return to.

Why or what does any of this have to do with the strike? It has everything to do with the strike. The dramatic reduction in mechanics required for daily operations and the establishment of outside vendors to handle other aspects of Northwest's business weakened the influence that a work stoppage would have had. If they were able to retain a workforce with 9,500 members or even two-thirds of that they might have had a fighting chance to prevail by striking. Or in a worse case scenario, the company would have been a little more reasonable during concessionary talks. **AMFA's inability to negotiate solid scope language during the first negotiations by placing a priority on other contractual concerns would now bear bitter fruit for the mechanics.**

SCAB SCHOOLS

NWA sets up "Scab Schools" to begin to train replacement workers for future use. In some accounts, the media had reported the carrier had began training these people 18 months prior to the actual strike. (See NWA Scab School video news report)^{iv} So what did AMFA do in response? Sadly, and unforgivably, the AMFA sat by and did nothing; it did not even protest while these scabs were being trained. NWA's scab training should have made it very clear to AMFA that the company fully intended on continuing business as usual should there be a strike.



NEGOTIATIONS

The company was eager to get to the table ASAP and filed a Section 6 on 10/14/04, before the union even filed (usually the unions file Section 6 notices before the company). AMFA reacted by filing their Section 6 filing on 11/4/04. The company then handed AMFA a concessionary proposal on 11/12/04. (Reference AMFA Negotiating Committee Update #4, Issued Nov. 18, 2004)^v

After months of talks going nowhere, AMFA remained in denial and continued to make their members believe they were in traditional negotiations, or that they would at least have a chance of turning the concessionary proposal into a traditional contract negotiation with improvements based on the membership's prioritized contract surveys/ballots. (Reference AMFA "Contract Proposal Prioritization" Letter to Members dated February 22, 2005)^{vi}

Moving forward to 04/24/05: even after several months of bargaining, the AMFA still didn't realize the state of the industry and the barrel the company had them over (diminished work force and replacement workers that are being trained) or the fact that every other legacy carrier had taken concessions by then.

As if there weren't enough issues going wrong for the AMFA during this time, they continued to ask for members to observe at the negotiations table. When asked by the company why there was such



a delay in bringing a counter-proposal back, AMFA informed the company that the delay was due to the arduous task of taking all the members' requests in order to make one proposal. At one point the senior mediator in the case even told them they would be allowed to have observers if they just capitulated to the fact that they were in a concessionary negotiations. (Reference AMFA NWA Negotiations Update #15, Issued April 24, 2005).^{vii}

THE STRIKE

On July 19, 2005, the AMFA members voted by referendum to authorize Delle-Femine, "... to call a strike at any time after the 30 day cooling-off period ends". This was without having presented a company offer for the membership to vote on. (Reference AMFA-NWA Strike Authorization dated July 19, 2005)^{viii}

In a July 25, 2005 memo to its members, the AMFA informed the members that the AMFA had reports indicating that half of the mechanics in "Scab School" were failing their background checks, drug and alcohol tests and technical training. This undoubtedly gave the AMFA membership false hope one month before the actual strike. (Reference AMFA Q&A memo dated July 25, 2005)^{ix}

NWA made a final contract offer to AMFA on 8/19/05. The AMFA did not allow the membership to vote on or even see this offer before calling for self-help.

The AMFA went on strike 08/20/05 and on the same day NWA imposed their new set of work rules. The AMFA continued to make their members believe they had the upper hand and that they were having a significant impact on the carrier's day-to-day operation. (Reference AMFA undated and unsigned memo titled "NWA Bankruptcy and AMFA Members")^x

Even a month into the strike, on days 33 and 34, AMFA continued to inform its membership they were making progress. They communicated this even after the company began to bring in the scabs. (Reference AMFA Strike Update Day 33 & 34 Scab report)^{xi}

By November, 2005 the company had made several offers, each one worse than the previous. The company's operations were returning to normal. But Delle-Femine continued to tell the AMFA members that the company was struggling, even though by all indications the strike had become completely ineffective.^{xii}

After several months on strike, the membership was finally allowed to vote on a tentative agreement that Delle-Femine described on December 14, 2005 as "... by far the worst contract in the history of airline labor". After the rejection of that agreement, negotiations broke off for more than seven months. Communication virtually ceased to exist from the AMFA National to the striking NWA members. The majority of the scabs are now AMFA's own members. (See: WTOL^{xiii} and O.V. Delle-Femine Letter to NWA Members Regarding Strike Settlement Agreement dated December 14, 2005)^{xiv}

On 9/9/06, the AMFA accepted the company's terms for surrender. Their contract is now called "Terms and Conditions of Employment" and is the same one that the AMFA membership rejected in December 2005 with minor changes. With only 2,461 members on strike that were left in good standing to vote, it was accepted. This ended the strike. Now only 950 workers remain at Northwest, 95 percent of whom are scabs that choose to not pay dues.

FINAL SYNOPSIS

A reduced work force due to poorly constructed contract language, replacement workers at the ready, a failure to recognize looming bargaining dangers, poor insight on the support they would receive from the other unions on the property (including the PFAA; AMFA's Flight Attendant sister union under the McCormick Advisory Group), no real strike fund or other organizational resources and expertise, and no overall plan of action to carry out a successful strike led to AMFA's complete and utter failure at Northwest Airlines.

It's disturbing that a union could stand by while everything lines up against it (bankruptcy courts, other work groups on the property, the NMB, the FAA, etc.) and not have the experience to recognize



it, the decency to tell its members the whole truth, and the humbleness to know when it's time to talk—even if it meant difficult-to-accept concessions. The mechanics that would have been furloughed would have received their severance pay and unemployment and had an opportunity for recall. Everyone asked to take concessions could have decided for themselves if it was worth continuing their employment at NWA. The choice would have been theirs and not forced upon them in a blindly led strike. Instead, the AMFA walked their membership right off a cliff.

Why does this sad Northwest Airlines saga matter to UAL employees? This is the same association that currently represents us at UAL. These are the same National Officers, the same attorneys (Seham, Seham, Meltz & Petersen) and the same financial advisory group (Seneca) that were responsible for the results at Northwest Airlines. There is a similar loss of personnel, with over 3,000 mechanic and related furloughed between 2003 and 2006. There is the same lack of organizational resources, experience and expertise to successfully take on a huge corporation. We at United have been through too much for too long. It is incomprehensible to ever contemplate a round of bargaining, let alone a strike, with AMFA. We cannot afford to have this kind of representation. It's time for us to switch to the years of experience, the strength and the competence of the Teamsters Union. With the upcoming representational election we have the ability to vote in a union with the resources, expertise and track record to succeed. Without a doubt... **VOTE TEAMSTERS!**

- ⁱ <http://www.washingtonpost.com/wp-dyn/content/article/2005/08/22/AR2005082201410.html>
- ⁱⁱ http://www.teamstersatual.com/pdf/Northwest%20amfa/system_board_of_adjustment.htm
- ⁱⁱⁱ <http://www.teamstersatual.com/pdf/Northwest%20amfa/before%20the%20system%20board.htm>
- ^{iv} http://www.teamstersatual.com/pdf/Northwest%20amfa/video_link_for_the_nwa_video_on.htm
- ^v <http://www.teamstersatual.com/pdf/Northwest%20amfa/Amfa%20update4%2011%2018%202004.htm>
- ^{vi} http://www.teamstersatual.com/pdf/Northwest%20amfa/amfa__northwest_airlines_contra.htm
- ^{vii} <http://www.teamstersatual.com/pdf/Northwest%20amfa/UPDATE%20NO%2015.htm>
- ^{viii} http://www.teamstersatual.com/pdf/Northwest%20amfa/NWA_StrikeAuth.htm
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