

Monday, December 5, 2011

Labor has a Legitimate Lien on Capital

When Steve Miller, the vulture capitalist who drove Delphi into the ditch of America's dreams, declared, "[Bankruptcy is a growth industry](#) [1]," he was smiling, but he wasn't joking.

Bankruptcy in the US isn't a sign of economic distress or mismanagement, it's a business plan: calculated, cunning, and void of redeeming social value. American Airlines is the latest in a long line of financial obscenities that make vulture capitalists salivate.

If we had a president we could believe in, he would not only call out the National Guard to protect the Constitutional rights of citizens at Occupy protests, he would defend the vested benefits earned by workers with the full moral and institutional authority of his office. It won't happen.

We must cease and desist from unrealistic expectations and mount our own counteroffensive. US courts routinely aid and abet the extortion of workers and the plunder of pension plans. Capitalism isn't above the law in the United States, it is the law. Peace and [solidarity activists are hounded, harassed, and arrested](#) [2] but the forcible transfer of wealth from the working class to the investing class is protected concerted activity.

[American Airlines' debt doesn't outweigh it's cash and assets.](#) [3] In fact, American Airlines is [financing its own bankruptcy.](#) [4] That's not distress, it's brass knuckle union busting. The business press makes no bones about American Airlines' plan to profit off the broken backs of labor contracts. In fact, they crow about it.

American Airlines ordered 460 new planes from Boeing and Airbus less than five months ago [at a cost of \\$38 billion](#) [5]. Those contracts will be honored even as American Airlines plans to dump pensions [underfunded by about \\$10 billion](#) [6] for approximately 130,000 workers and retirees.

American Airlines doesn't pretend to offer a business plan that promises better management. The only benefits American Airlines purports to extract from bankruptcy are pension evasion, and concessions from unions facing a court ordered firing squad.

The crib notes for this business plan read: bankruptcy = profit. The longhand reveals the moral compunction of a crocodile.

The Pension Benefit Guaranty Corp [PBGC] estimates that a default at American Airlines could be the [largest in US history](#) [7]. The PBGC itself is teetering on the edge of insolvency. In 2004 a report by the [Center on Federal Financial Institutions](#) [8] said the PBGC "is insolvent on the basis of Generally Accepted Accounting Principles (GAAP) and would be shut down if it were a private insurer."

That was before the PBGC absorbed [\\$6.2 billion in pension obligations from Delphi.](#) [9]

US bankruptcy courts protect the assets of US corporations invested outside the United States from creditors. You can bet your mother's paycheck American Airlines' parent company, AMR Corp., has cash and assets stashed in ports all over the world.

Labor has a legitimate lien on Capital. A pension isn't an entitlement, an investment, or a gamble, it's earned with hard steadfast work.

A company that cancels its pension obligations should not be permitted to profit from the trade off. The trend toward bankruptcy as a growth industry in the United States is a clear indication that we aren't in a recession. We are experiencing a restructuring at the expense of everyone who works for a living.

We won't win this struggle in court. The operable word for rank and file workers isn't competition, concession, or compromise. The operable word is "Occupy."

Bankruptcy at American Airlines shouldn't be allowed to fly.

sos, Gregg Shotwell

[1] - <http://mrzine.monthlyreview.org/2006/shotwell190406.html>

[2] - <http://www.stopfbi.net/>

[3] - <http://www.reuters.com/article/2011/11/30/us-americanairlines-idUSTRE7AS0T220111130>

[4] - <http://www.forbes.com/sites/steveschaefer/2011/11/29/american-airlines-lands-in-bankruptcy-court-to-rein-in-costs/>

[5] - <http://dealbook.nytimes.com/2011/11/29/american-airlines-parent-files-for-bankruptcy/>

[6] - <http://www.reuters.com/article/2011/11/30/us-americanairlines-idUSTRE7AS0T220111130>

[7] - <http://dealbook.nytimes.com/2011/11/29/american-airlines-parent-files-for-bankruptcy/>

[8] - <http://www.cfo.com/article.cfm/3196039>

[9] - <http://online.wsj.com/article/SB10001424052970203517304574306482334001914.html>