

# MERGER



# WATCH

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## Congress Expresses Merger Concerns

After intense lobbying efforts by the Machinists Union, 47 Members of Congress wrote to the U.S. Attorney General and Secretary of Transportation questioning if airline consolidation is good for America.

Illinois Congressman Daniel Lipinski (D) and Ohio Congressman Steven LaTourette (R) led the campaign within Congress to gain co-signers for the letter. The complete list of signers is available at [www.goiam.org/transportation](http://www.goiam.org/transportation).

“Airline executives who are seeking mergers threaten more than just their own employees,” said General Vice President Robert Roach, Jr. “A merger between two major airlines will have a ripple effect prompting other mergers. Smaller carriers like Air Tran, JetBlue and Southwest are rumored to be willing to jump into the merger pool. Additionally, thousands of workers at vendors who support the airlines can also lose jobs when hubs close and capacity is reduced.

## Congress of the United States Washington, DC 20515

March 11, 2008

Michael B. Mukasey  
Attorney General  
U.S. Department of Justice  
950 Pennsylvania Avenue, NW  
Washington, DC 20530-0001

Mary E. Peters  
Secretary of Transportation  
U.S. Department of Transportation  
1200 New Jersey Ave, SE  
Washington, DC 20590

Dear Attorney General Mukasey & Secretary Peters:

We are contacting you concerning recent reports of potential consolidations within the airline industry this year. As discussions continue, and as additional consolidations are contemplated, we intend to closely monitor any proposal to scrutinize its potential impact to airline employees and the American flying public. Given the lackluster results of previous consolidations, we are strongly concerned that future mergers could result in diminished service to small and medium size cities, job losses, less competition, higher fares, and fewer options for consumers. This is something our economy cannot afford this year.

As you know, US Airways merged with America West Airlines in 2005. Yet three years later, many outstanding issues are still pending with limited possibilities for resolution. For example, US Airways has not finalized a merger of the work forces of the two airlines, nor has the fleet service operation at the combined carrier been integrated. The failure to merge these groups has resulted in employees at the same airport doing the same job but working under different work rules and receiving dissimilar wages and benefits. These issues have resulted in inefficiencies and have likely contributed to degradation of customer service performance including lost bags and flight delays. We are concerned that such outstanding issues still exist, and examples such as these should be weighed heavily when considering future airline consolidations. This leads us to question how future mergers will result in any net benefits to the public.

We strongly believe that it is vitally important to look at what types of impacts a potential airline merger would have on employees and the American flying public. Given the questions surrounding the impacts from past airline mergers we intend to closely scrutinize any future mergers and consolidations within the airline industry. We would urge you to carefully evaluate consolidation proposals to ensure they are not solely based on corporate interests. Rather, any consolidation must promote and protect the interests of the airline employees and the American flying public.

With the potential of congressional hearings, we certainly look forward to a vigorous and robust debate on this issue. As the situation develops, we would also be open to the possibility of legislative options that could help protect the public interest while at the same time promote the economic competitiveness of the industry.

Thank you for your time and attention, and we look forward to working with you on this important issue.

Sincerely,

  
Daniel Lipinski  
Member of Congress

  
Steven LaTourette  
Member of Congress