



**MERGER
WATCH**

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Machinists Back on Capitol Hill

The House Transportation and Infrastructure Committee's Subcommittee on Aviation this week held a hearing on the impact of a Delta-Northwest merger. IAM General Vice President Robert Roach, Jr. testified at the hearing.

"History has shown that poorly managed airlines cannot operate without government assistance," said Roach. "If airline executives spent as much time running their airline as they do looking for bailouts or mergers, this industry and our country's transportation system would be much better off. A Delta-Northwest merger will eliminate jobs, reduce choices for passengers, further deteriorate customer service, trigger additional senseless mergers, make millionaires even richer, and most importantly, do nothing to address the problems of a failing industry."

This was the fourth hearing since the Northwest/Delta announcement to address potential airline mergers. "IAM members from around the country attended these hearings in uniform to send a message of strong opposition against foolish airline mergers. Their visible

support and lobbying efforts had a tremendous impact and greatly bolsters the IAM's mission to protect all airline workers, passengers and the communities the airlines serve."

Rumors continue about how Continental Airlines, US Airways, American Airlines, United Airlines and other carriers may respond to the Northwest-Delta merger attempt.

Merger Opposition Grows

"The inescapable lesson of 29 years of deregulation is that mergers and a reduction in competition are likely to lead to higher fares, a deterioration of service, and financially weakened survivors," said Committee Chairman James Oberstar.

"Mergers have been good for airline executives, but not so good for consumers and employees," said Subcommittee Chairman Jerry Costello.

A number of industry experts also testified at the Aviation Subcommittee hearing in opposition to the Northwest-Delta merger.

"Airline mergers have a checkered track record, rarely delivering on

expected gains and usually creating labor unrest and service disruption," said Philip Baggaley, Managing Director of Standard & Poor's Ratings Services.

"If there is one thing that we have learned from the long history of antitrust, it is that efficiencies are easy to assert, difficult to achieve, and rarely of the magnitude that their parties – in their self-interest – claim," said Albert Foer of the American Antitrust Institute.

"Delta/Northwest and other Megamergers can not be justified by synergies and improved efficiencies," said industry analyst Hubert Horan.

Aaron Gellman, professor at Northwestern University's Transportation Center, said "There are amalgamations that make economic and public policy sense but...this is not one of them."

Kevin Mitchell, Chairman of the Business Travel Coalition believes that, "There are powerful reasons why these megamergers would be harmful to consumers, and would solve none of the industry's most serious problems."

Links to the complete testimony from all witnesses and archived video can be accessed at www.goiam.org/mergers.