



MERGER WATCH

The International Association of
Machinists and Aerospace Workers

September 18, 2008

Volume 1, Issue 24

www.goiam.org/mergers

Beware of Seniority Integration Promises

Northwest Airlines is trying to alleviate its workers' fears of seniority integration by misleading employees. The IAM wants all employees involved in mergers to know the full story.

"After the transaction closes, regardless of the outcome of the union representation elections, fair and equitable seniority integration is not only promised by Delta but is also now required by federal law," Northwest recently posted on its employee intranet. "Federal law enacted on December 26, 2007, requires that the integration of seniority lists for each craft or class of employees be fair and equitable." The airline goes on to say that if an integrated seniority list is not agreed upon, then an arbitrator will decide the issue.

While it is true that the law requires seniority integration to be "fair and equitable", there are no less than **five recognized methods** arbitrators use for "fair and equitable" integration of airline seniority lists:

1. The surviving group principle, where the acquiring company's employees receive seniority preference over the acquired employees;
2. The follow-the-work-principle, where seniority is allocated by a ratio of what assets each individual airline contributed to the combined company;
3. The absolute rank principle, where employees retain their respective rank on the newly mergers seniority list;
4. The ratio-rank principle, where a ratio of the employees of each group to be merged are assigned places on the combined seniority list according to a ratio of total employees.
5. The length of service principle, where all employees are combined by their current seniority date, regardless of which airline they work for today. (*How Arbitration Works, Sixth Edition* Elkouri, Elkouri, Reuban; BNA Books)

When an arbitrator ruled that 40-year TWA employees would lose their seniority after being acquired by American Airlines, it was considered "fair and equitable". Not to the IAM, but to the arbitrator. Northwest's assertion that employees cannot be stapled to the bottom of a seniority list because of the 2007 federal legislation is simply wrong.

It should also be noted that the law Northwest is misstating does not apply if employees are represented by a union. Unionized workers have more than the minimal protection the law provides. The only way for workers to have a real voice in truly fair seniority integration is to ensure the Machinists Union remains the collective bargaining representative for the combined workforce.