



Local 562

**TRANSPORT WORKERS UNION OF AMERICA
AFL / CIO**

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"I've never invested in any airline. I'm an airline manager. I don't invest in airlines. And I always said to the employees of American, 'This is not an appropriate investment. It's a great place to work and it's a great company that does important work. But airlines are not an investment.'"

"A lot of people came into the airline business. Most of them promptly exited, minus their money,"

Bob Crandall

"To become a millionaire, what you have to do is to begin as a billionaire. Then go into the airline business."

Richard Branson

Dear Brothers and Sisters;

These quotes are perhaps the best advice that could ever be given to Airline employees from Airline Executives, or their Unions. The message is clear, "make your money, get whatever you can out of it, but **"do not invest in it"**.

Back in 2002-2005 pretty much every union, save one, failed to heed this advice. They convinced their members to invest on average one quarter of their total earnings for five years in an industry that the managers running it advise as "not an investment". That's two and a half times what God wants from us, he promises us eternal bliss, they made no promises, only threats and demands for more, now, thanks to inflation and the RLA it's up past 40% and they still want more.

So if the airline industry isn't profitable why does it continue to exist? Why do large institutions continue to invest and provide Capital to eternal losers? Why? To control the revenue they generate. Their holdings in the carrier may not appreciate but by controlling the company they can extract their profits by channeling the revenue the carriers produce to where they can extract profits.

The industry never has (even during the years of the CAB) been a big, consistent profit maker, and it never will be. There's a very good reason for that. Labor, the industry is very labor intensive and there's no way to escape that. Even if you outsource the labor the labor is still required, the expense related to it just gets re-categorized but not eliminated. Remember this; Profits and wages have an inverse relationship. However if you can channel the revenue (and potential profits) out of the carrier to less labor intensive companies you can eliminate profits and you can keep wages from escalating despite increased revenues. This is exactly what the airlines have been doing, for years. It explains how AMR could post a loss on \$22 billion in revenue despite having eliminated 50,000 workers and 300 airplanes.