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Machinists Call for Comprehensive Bankruptcy Reform

International Association of Machinists and Aerospace Workers (IAM) General Vice President Robert Roach, Jr. testified today at a House Subcommittee on Commercial and Administrative Law hearing titled “Protecting Employees in Airline Bankruptcies.”

“In major airline bankruptcies, much of the financial sacrifices employees were forced to make to save their company were diverted into the pockets of the people responsible for the company’s failure,” said Roach. “If employees are called upon to sacrifice in order to resurrect their bankrupt employer, bankruptcy law must require that everyone from the break room to the board room shares the pain,” said Roach. The IAM’s complete testimony is available at www.goiam.org/transportation.

The Machinists Union believes there is an immediate need for bankruptcy reform that should apply to all private sector workers covered by collective bargaining agreements.

“Auto, steel, banking, newspaper, cable television, and trucking companies are among the more than 100 publicly-traded companies that seek Chapter 11 bankruptcy protection each year,” said Roach. “Bankruptcies are not restricted to just one sector of our country, and neither should bankruptcy reform.”

The IAM offered some specific recommendations that should be included in any bankruptcy reform legislation.

“Companies should no longer be able to use the bankruptcy code to eliminate decades of collective bargaining gains when there is no justifiable reason other than corporate greed,” said Roach. “Recent court rulings should be overturned to allow airline workers the right to engage in self help if the bankruptcy court terminates their collective bargaining agreement. The right to self help fosters good-faith bargaining by ensuring that the bargaining parties understand the consequences of failing to reach a negotiated agreement.”