Corporate Strategy by Leif Johnson

A corporatist package

The Eastern Airlines settlement was designed by Chase Manhattan and the Democratic Party's Trilateralists.

Wage reductions of 22 percent for the pilots of Eastern Airlines and 18 percent for the remainder of the airlines' 35,000 employees and suspension of work rules have been accepted by the union leadership representing pilots, mechanics, and other flight personnel.

In return, the airline will give the employees four seats on the 19-man board of directors and 12 million newly issued stock shares, if the employees ratify the deal.

Richard L. McGraw, a senior Eastern vice-president, claimed that Chase Manhattan, Eastern's leading creditor, together with other creditors, had threatened to "pull the plug" on the airline on Jan. 1 if the airline did not sell the corporatist plan to the unions.

A spokesman for Chase Manhattan told the press on Dec. 8 that if the workers ratify the plan it will "satisfy the financial conditions that we agreed to" in order to relax the loan contract conditions.

The key role of Chase, which also appears in the bankruptcy filing by Continental Airlines Oct. 1, suggests top-down coordination in creating a Mussolini-style "solution" for the airline industry based on the deregulation passed by Congress in 1978.

Chase Manhattan is the bank of the Rockefeller family, long headed by David Rockefeller, the originator of the Trilateral Commission, which is dedicated to a "one-world" corporatism. Another of the Rockefeller brothers, Laurence (the "greenie" of the family), served on Eastern's board of directors until 1981, as did Felix G. Rohatyn, the architect of New York City's Big MAC takeover of the city's finances by the major banks.

The Chase scenario for Eastern erupted in September when Frank Borman, chairman of the company, wrote to all employees explaining that the company would have to file for bankruptcy unless the employees made very large wage and work-rule concessions. Two years ago Eastern's employees took a smaller wage cut to offset the effects of airline deregulation, the first major piece of legislation by the Trilateral Commission's Jimmy Carter.

The seriousness of Borman's bankruptcy threat was punctuated by the bankruptcy filing by Frank Lorenzo's Continental Airline on Oct. 1. Lorenzo had demanded his employees take a 30 to 50 percent wage/work-rules cut (striking Continental employees say the cuts could be as much as 70 percent for pilots). When they balked, Lorenzo filed for bankruptcy, even though he reputedly had $20 million in banked cash and was in no need of court protection from his creditors.

Lorenzo's major creditor and strongest financial backer is Chase Manhattan. He also uses the law firms of former Democratic Party head Bob Strauss and present Democratic chairman Chuck Manatt. Manatt's firm is credited with successfully maneuvering to block an attempted employee buy-out of Continental, allowing Lorenzo to take the airline.

Borman credits the union's agreement to the efforts of Willie Usery, the adviser to President Nixon who negotiated the labor settlements under Nixon's 1972 wage and price controls. Before that, Usery was a top official of the International Association of Machinists, a key union in the Eastern corporatist "solution."

According to the *Washington Post*, before Frank Borman brought Usery into the negotiations, Eastern's IAM chief Charles Bryan was adamantly opposed to giving large concessions to Eastern. When Usery entered the picture, Bryan's accusations that Borman had falsified the financial plight of the airline to wrest the concessions melted, and on Dec. 8, Bryan told the press, "We said at the beginning there would be no concessions and no givebacks. There have been no concessions or givebacks."

Bryan was suggesting that the 12 million watered stocks and the four seats on the board of directors are equal in value to givebacks equaling several hundred million dollars in 1984.

Some labor leaders suggest that Eastern's corporatist solution, which gives the victims a hand in the administration of their own victimization, is part of a larger scheme not only to demoralize workers and further suppress wages, but to focus the blame on President Reagan.

That would be ironic, since Eastern's corporatist solution is definitely the labor policy of Democratic front-runner Walter Mondale. It was Chuck Manatt who sponsored Mondale's early endorsement by the AFL-CIO.

Note, too, that 10 of Mondale's top 22 advisers are Trilateral members, and 18 of the 22 were top members of the Carter administration, which, together with Senator Kennedy, rushed through the disastrous airline deregulation.