Northwest Airlines placed its "last and best offer" on the bargaining table Thursday afternoon, and negotiators for the mechanics union were weighing it Thursday night as both sides drew closer to tonight's strike deadline.

Meanwhile, replacement workers began receiving final instructions Thursday, and U.S. Rep. Jim Oberstar, D-Minn., who in the past has worked with Northwest and its labor unions during financial crises, said it appears the company is heading toward a bankruptcy.

Early Thursday, Steve MacFarlane, assistant national director for the Aircraft Mechanics Fraternal Association (AMFA), saw little hope of averting a strike. Many Northwest mechanics had drawn a "line in the sand" and were willing to lose their jobs before accepting "extreme" concession demands, he said.

But that was before Northwest submitted a revised proposal.

Jeff Mathews, spokesman for the AMFA negotiating committee, said Northwest's latest proposal does contain $176 million a year in labor savings.

He said negotiators will return to the bargaining table at 9 a.m. today. But he stressed that Northwest's "last offer is completely different from the final offer."

"We expect to get the final offer" late Friday night, Mathews said, "if the talks do not break down before then."

Northwest spokesman Bill Mellon declined to characterize the substance of the last offer. So far, the airline has remained adamant that AMFA accept $176 million in pay and benefit cuts as part of its efforts to reduce annual labor costs by $1.1 billion.

"Northwest and AMFA negotiators had a full day of talks on Thursday," Northwest's Mellon said. "We look forward to resuming our discussions on Friday."

The stakes are exceedingly high for both parties. A strike could wipe out 4,400 union jobs or disrupt Northwest's operations enough to land the company in bankruptcy court.
Northwest has trained about 1,200 replacement mechanics and has tapped 300 Northwest salaried workers to be ready to keep the fleet flying in the event of a strike.

Replacements meet

On Thursday, several hundred of the replacement mechanics, who have been ensconced in several Twin Cities hotels since last week, met with officials from the company that's coordinating replacement workers at the Radisson Metrodome Hotel near the University of Minnesota's Minneapolis campus.

That company is believed to be AvTech USA Inc., a Louisiana aviation employment firm that began running ads for airline mechanics in the Star Tribune and other newspapers around the country in the spring.

Northwest has not said which firm it is using to recruit replacement workers, but AvTech's name was in the newspaper ads, some of which referred to "a high-profile job in Minneapolis" and promised pay of $32 an hour, free housing and a $2,000 bonus.

After Thursday's meeting, a group of about 100 workers surrounded AvTech representatives, angry after being told they would not receive $1,000 until after they crossed the picket line. Several contended they were told they would be paid upon "deployment" to Minneapolis, but company officials insisted the bonuses would be paid only when the mechanics crossed any picket line.

One company representative told the crowd that 37 workers had been paid up front by mistake and one had simply pocketed the bonus and did not show up for training.

Northwest, in a statement, said "the vendor who employs our contractor technicians has not made any changes to its compensation schedule."

Replacement mechanics were told at Thursday's meeting that they would get permanent jobs, either with Northwest or with another airline. Afterward, workers in the meeting declined to talk about what went on. One said their agreement prohibits them from talking to the media. Another said he was in town fishing. A third claimed he was a janitor at the hotel.

For 18 months, Northwest has been developing plans to operate its full schedule during a strike. "We are confident and feel that we have a viable plan in place," John Bendoraitis, vice president of base maintenance, said in a Thursday interview.

All of the replacements hold airframe and powerplant licenses from the Federal Aviation Administration, he said.

Bendoraitis said he'll be working as a mechanic if a strike is called, and he met this week with fellow replacements. Northwest's pool of replacements has worked at major airlines, including US Airways, United, Delta and Continental, as well as UPS and some large aircraft repair stations, he said.

Today, AMFA leaders will decide whether Northwest will deploy all of those replacement workers.

'This is the Rubicon'

"Most of our members have decided that this is the Rubicon, this is the line in the sand," MacFarlane said. "If we're going to lose, then we're going to lose together, and we're all going to walk away. And Northwest gets to try to figure out how to fly an airplane with a bunch of replacement workers."
Northwest has been pressing AMFA to accept $176 million in annual cutbacks, but it also wants to slash another 2,000 jobs from the ranks of mechanics and cleaners.

Counting savings

Throughout the talks, the two sides have wrestled over how to count cost savings. AMFA negotiators want some credit for jobs lost, while Northwest has argued it needs to reduce wages and benefits on a permanent basis to compete with carriers that already have reduced their labor costs.

MacFarlane said AMFA offered a package on Wednesday that added up to $176 million in savings, about $30 million more than its last offer eight weeks ago; Northwest said the union proposal would actually save only $100 million.

MacFarlane said the company is refusing to count the savings from eliminating the 2,000 union mechanics jobs and shifting the work to outside contractors.

"That's why we're at odds with each other," he said. "We absolutely must have some credit from those lost jobs. Northwest is saving a significant amount of money by laying off those employees."

If Northwest counted the savings from outsourcing those jobs, he said, "I think we could land a deal."

Oberstar's criticism

But Oberstar contended that AMFA made "a big mistake" by failing to propose deeper pay and benefits concessions than the company demanded in exchange for fewer job cuts.

"I haven't talked to either party in a [few] weeks, because I see AMFA as intransigent, and I see Northwest as frustrated with the union and untrusting of them - justifiably or not," Oberstar said.

Northwest has "not been able to persuade the mechanics union that their sacrifices in the short term will save their jobs in the long term," he added.

Northwest, "by combining pay cuts and job outsourcing, is not offering much to the union," said Oberstar, the ranking Democrat on the House Transportation and Infrastructure Committee. So AMFA negotiators "could rightly take the view that Northwest just wants to break the union, outsource all maintenance and go on their way."

If the company files for bankruptcy protection, Oberstar said, the bankruptcy judge can void the union's contract and likely will look first at the company's proposed concessions package, because it is larger than AMFA's.

No fear of bankruptcy

But MacFarlane said that bankruptcy "is not such a scary thing for us. We think in some cases, the judge might actually be more balanced than Northwest Airlines is."

He chuckled at Oberstar's criticisms and said "there's no way we could have offered more than what Northwest was asking to save jobs."

"If you want skilled, experienced, talented mechanics, the industry's going to have to pay for that," he said. "If
you want laborers, they're out there, and you're going to pay them a laborers' rate. But you're not going to get skilled mechanics for laborers' wages."

He said that Oberstar "couldn't possibly understand" Northwest's proposal and that "it's fairly clear to me that Oberstar, like everybody else in this state, feels very beholden to Northwest Airlines and they pretty much will give Northwest whatever they want."

Oberstar, however, has at times been highly critical of the airline. He said he was dismayed that AMFA has distanced itself from the AFL-CIO. The union has not reached out to him lately, he said, "so I'm going to wait and see whether they do that or not."

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WHAT IT MEANS FOR TRAVELERS

If you're traveling and there's a strike, Northwest, with replacement workers ready, promises business as usual. Some travel experts are skeptical, but Northwest is not waiving normal cancellation and rescheduling charges. If your flight is canceled or delayed, Northwest may refund the unused portion of your ticket, or try to book you on another airline.

WHAT NORTHWEST WANTS

$176 million in pay and benefit cuts from Aircraft Mechanics Fraternal Association (AMFA) members as part of its effort to slash annual labor costs by $1.1 billion.

WHAT THE UNION WANTS

To limit job losses and outsourcing. AMFA represents 4,400 mechanics, cleaners and custodians.

HOW FAR APART THEY ARE

Depends on who does the counting. AMFA says its Wednesday proposal gave Northwest $176 million in savings without job losses. Northwest valued the package at $100 million.

GRAPHIC: PHOTO

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