

**Congress of the United States**  
**Washington, DC 20515**

July 31, 2014

Jeffery A. Smisek  
Chairman, President, and Chief Executive Officer  
United Continental Holdings, Inc.  
233 South Wacker Drive  
Chicago, IL 60606

Dear Mr. Smisek:

We are writing to express our profound disappointment that United Airlines has chosen to outsource approximately 635 jobs at 12 U.S. airports, including the jobs of 48 ticket and gate agents and baggage handlers at the Des Moines International Airport. We believe that this decision is a significant step backwards for Iowa workers and our local communities and a glaring example of a wage race to the bottom that is becoming all too familiar in the airline industry.<sup>1</sup> These steps are particularly troubling given your assertions to the Congress in 2010 that the merger would be good for employees and have a minimal effect on the jobs of frontline employees.

What greatly concerns us are the new wages and benefits that will be available to the workers that will be brought in to replace those currently working under union contract, as well as the broader impact on Iowa. If outsourcing these jobs leads to inferior wages and benefits, the impact will not only be directly felt by the workers, but it will also have negative economic repercussions for the larger community. In addition, it is difficult for us to understand the business rationale for wage cuts given that United posted almost \$1.1 billion in profit last year, an increase of 84 percent from the previous year. Furthermore, we hope that this decision is not part of a larger targeted plan to weaken union representation and collective bargaining at our nation's airports. During a period in which our country struggles with growing income inequality and workers have to fight tooth and nail to get their fair share of the wealth that they help to create, the last thing that a profitable company should be doing is slashing the wages and benefits of its workforce.

The growing consensus among researchers and businesses like Costco is that decent wages and fair benefits are not only good for those workers' families, but also the companies' bottom lines. The foundation of any strong economy or sustainable community is good jobs that grow the middle class. When workers and their families have to rely on low wages that push them

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<sup>1</sup> From 2002 until 2012, the average hourly real wages decreased by 45 percent for both directly-hired and outsourced workers (from over \$19 an hour to \$10.60 an hour). See generally Miranda Dietz, Peter Hall & Ken Jacobs, *Course Correction: Reversing Wage Erosion to Restore Good Jobs at American Airports*, Oct. 2013, available at [http://laborcenter.berkeley.edu/livingwage/restore\\_good\\_jobs\\_american\\_airports.pdf](http://laborcenter.berkeley.edu/livingwage/restore_good_jobs_american_airports.pdf).

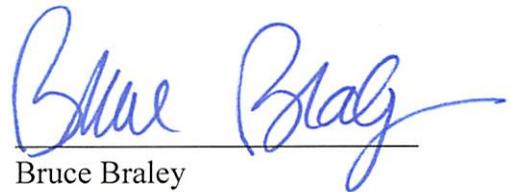
towards poverty and reliance on government assistance<sup>2</sup>, companies are able to transfer costs onto the backs of taxpayers while banking profits and issuing dividends to stockholders. Such a scheme is neither fair to workers and taxpayers, nor helpful to the economy, which relies on a strong middle class.

We would like to reiterate our disappointment in United's decision to outsource these jobs throughout the country, but we are particularly concerned about how it will impact the affected workers and communities we represent in Iowa. Especially in the case of Des Moines, we hope that you will reconsider your decision to outsource these valuable jobs. In the meantime, in order to fully evaluate the potential impact of United's outsourcing plan, we would like for you to provide our offices with information regarding the difference between wage levels and available benefits for workers employed under the International Association of Machinists and Aerospace Workers (IAMAW) collective bargaining agreement and the incoming contract workers that will replace them. You can contact Chris Williamson on Senator Harkin's HELP Committee staff at (202) 224-5441 if you have any questions regarding this letter or our request for information.

Sincerely,



Tom Harkin  
United States Senator



Bruce Braley  
United States Representative



Dave Loebsack  
United States Representative

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<sup>2</sup> According to a report from the University of California, Berkeley, Center for Labor Research and Education, approximately 37 percent of cleaning and baggage workers at airports live in or near poverty and rely on public assistance programs because of low wages and inadequate benefits. See Dietz et al., *supra* note 1 at 1.