

# [Airline bankruptcy filings may be soon](https://assignbuster.com/airline-bankruptcy-filings-may-be-soon/)

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Delta Airlines and Northwest Airlines are expected to file for bankruptcy protection in September to get ahead of the new bankruptcy law. The new legislature includes a provision that restricts payouts to executives in the time of bankruptcy protection and calls for quicker reorganization. Both Northwest and Delta failed to cope with rising fuel costs and continue to losemoney. In fact, Northwest’s losses got even worse, with second-quarter loss going from $182 million in 2004 to $225 million in 2005. Delta’s loss in the second quarter was still higher: the airline lost $382 million.

The new, more restrictive law was probably inspired by delays in the reorganization of some companies. For instance, United has been under bankruptcy protection for two and a half years. During this period the management failed to prepare a reorganization plan and has asked for several extensions of the exclusivity period.

I believethis shows two things. First, it is painful to realize that the once booming airline industry has not yet recovered after September 11th attacks. True, an important factor is fuel cost, and this has been rising for a while due to increasing oil costs. But I think if the industry had not survived the nasty crisis of the attacks, it would be better prepared to meet the rise in fuel cost.

Second, it shows the difficult choices the rulers of the nation have to make. Take, for instance, bankruptcy – they certainly do not want to leave the airline companies out there in the cold coping with problems on their own. On the contrary, they do not want to encourage management to reserve huge bonuses for themselves at the time of the crisis. And yet companies in trouble need all the managerial talent they can get and so need to keep their managers. It sometimes scares me to think how careful a government leader needs to be to balance all these issues in order to stimulate management but also to keep their appetites in check.

## No Driver’s License? No Parking Space

The article by Daniel Li focuses on the problems of illegal immigrants residing in one of the apartment complexes in Anaheim, Ca., caused by the decision of the management company to deny parking right to everybody who is unable to produce a driver’s license, vehicle registration and proof of insurance.

The opponents of the decision say that it is discriminating against illegal immigrants who are residing in Hermosa Village. The management definitely knows that many of the tenants are undocumented and thus have trouble getting a driver’s license. These people cannot park in the streets of the low-income neighborhood after its streets became public. Now they cannot park in front of their houses as well.

The management company representatives say that they did not mean to discriminate against illegal immigrants. They merely wanted to protect the safety of their tenants and remove those who had licenses revoked after they got in trouble on the road. The issue revives the debate the rights of illegal immigrants. Many believe they should be given drivers’ licenses. On the contrary, others say giving them the right would encourage moreillegal immigration.

In my view, the management company has to decide for themselves how they position their housing. If they present themselves as cheap property for all kinds of low-income families and singles including illegal immigrants, it is probably absurd to ask people to present the documents they cannot have. Otherwise, they have to declare a war on illegalimmigrationand start looking for more ‘ decent’ tenants. True, this can be very much like cutting the branch on which one is sitting.

As a management company, they have to show more consideration for the people they cater to and to be more committed to their customers who may not always be the most wealthy, well-bred or even law-abiding people in the world. Taking a stand on illegal immigration is a personal choice, but one has to be caring with one’s clients.