

Cathay Pacific pilots call "sick-in" over pay cuts

David Harvey
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Pilots employed by the Hong Kong-based Cathay Pacific Airlines voted overwhelmingly last week to take strike action if the company attempts to implement a plan to slash wages in exchange for stock options. The company's package will cut the wages of at least half the airline's 1,300 pilots by 22 percent.

Hit by the downturn in Asia, and especially by the recession in Japan, which once provided Cathay with its busiest and most profitable routes, the airline registered a loss last year of over \$100 million, the first in 35 years. This was in stark contrast to the more than \$300 million profit it chalked-up in 1997. The company insists that its wage cuts are the bottom line. It has given the pilots a June 11 deadline to accept the pay cuts or take early retirement or redundancy.

The pilots began a "sick-in" campaign last week with many of them phoning in ill, causing the cancellation of 100 scheduled flights. Pilots claim they are suffering from stress-related illnesses caused by the company's protracted campaign to pressure them into accepting its ultimatum. The company has retaliated by using other air carriers and hiring charter planes.

The leaders of the Aircrew Officers Association (AOA), the union representing the pilots, claims to support the strike call, but this week it appealed to the company to return to the negotiating table and to implement cost cutting through the union.

The union's general John Findlay said: "We publicly challenge Cathay Pacific management to enter into arbitration to settle this dispute, which is causing damage to Hong Kong and our company. We would prove to the arbitrator that we are offering reasonable salary concessions."

The union is willing to accept pay cuts averaging 20 percent, estimated to save Cathay more than \$US540 million over five years. Findlay said the issue was no

longer about the airline trying to reduce costs. "We have offered to accept pay cuts but they want us to agree to \$1.5 billion in cuts over ten years. This is unreasonable and they're being greedy."

While the company claims that Cathay pilots are better paid than many of their international counterparts, a recent study shows that the company's labour costs—28 percent of its operating costs—are below Qantas and the major US and European carriers. Cathay pilots point out that other work conditions, such as their pension plan, are much worse than airlines in the US, Canada, and Britain.

An International Pilots Association spokesman said this week it would organise international support for the Cathay pilots if they went on strike, but only "if their cause is just".

The Federation refused to organise any coordinated response over the past 12 months as strikes by pilots broke out in many countries, including France, Japan and the Philippines, against the effects of worldwide restructuring in the airline industry. One strike after the other was isolated and the conditions and wages of pilots were cut.

The AOA itself is calling on airline workers worldwide not to allow the dispute to seriously affect the company's operations. "We have told our colleagues around the world that we do not want to see passengers inconvenienced in Hong Kong and we have asked them not to take any action on their own," it stated.

Nevertheless, other Cathay Pacific workers are expressing support for the pilots, even in the face of management provocation. This week Cathay suspended the travel concessions of air hostesses and other cabin crew, blaming the pilots' actions.

Cabin crew members condemned Cathay's response. One hostess said it was an attempt "to create a split

between pilots and other air crew”. She added: "They always want to make those who speak up look like troublemakers.” At the beginning of the year, flight attendants were in dispute with Cathay over a pay freeze and redundancies. They held protests and sit-ins with the support of pilots. This week Cathay ground crew staff refused to carry out any overtime work caused by cancellations due to the pilots' “sick-in”.



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