

Philippine Airlines to sack 2,600 ground staff

Dante Pastrana
27 September 2011

Philippine Airlines sent 30-day termination notices to 2,600 of its ground staff in late August, due to take effect on October 1.

The company plans to outsource the work to contract workers hired through service providers, a thinly-disguised legal tactic to avoid any obligation to regularise the replacement workforce. Starting salaries, according to a *Philippine Daily Inquirer* report, are to be 11,000 pesos, or a just over \$US261, a month for a six day-work week. The starting pay is 30 percent below the poverty threshold for a family of five.

Huge profits are expected from the reduction of wages and benefits. According to a *Business World* report, the corporation will earn an additional \$10-15 million annually. This is probably an underestimate as some of the service providers are allegedly controlled by Lucio Tan, the owner of Philippine Airlines. Tan, a billionaire, is the second wealthiest man in the Philippines, according to *Forbes* magazine.

The job cuts are part of the ongoing restructuring of the airline that began in 1998 when Tan sacked 5,000 pilots, flight attendants and ground staff. In the midst of the 1997-98 Asian financial crisis, Tan was seeking to make workers pay for a spending spree on new aircraft. He was backed by the administration of President Joseph Estrada, a close political ally, and he declared technical bankruptcy as a means of defeating strikes by pilots and ground crew.

The unions covering pilots, flight attendants and ground crew blocked any coordinated campaign to defend jobs. The flight attendants' union took no strike action, even as 1,400 of its members were retrenched. The ground crew union struck for five days then signed a sell-out deal that destroyed 1,899 jobs and ended

collective bargaining for ten years in return for continued company recognition and corporate stock. The pilots' union was forced out of the corporation.

By 2009, driven by fierce international competition, rising fuel costs and the impending restoration of the right to collective bargaining, Jaime Bautista, the airline's president and chief operating officer, announced a new round of retrenchments—billed as a cost-cutting measure to save jobs.

The administration of President Benigno Aquino III quickly backed the retrenchments. Just months into Aquino's term in office, the Labor Department approved the sackings as humane and legal. The government issued strike bans and rejected appeals from the Philippine Airlines Employees Association (PALEA)—the ground staff union—to overturn the Labor Department decision. It is now actively organising contingency plans with Philippine Airlines and other airlines to block any industrial strike action against the latest sackings.

When it comes to opposing the working class, rival factions of the bourgeoisie quickly come together. President Aquino is backing Tan who was a crony of President Ferdinand Marcos and a close associate of President Estrada. Aquino is the son of Senator Benigno Aquino Jr., who was murdered by Marcos, and Corazon Cojuangco Aquino, who became the first president after the Marcos dictatorship collapsed.

The administration of Corazon Aquino initially sought to strip all the Marcos crony capitalists of their corporate and banking assets for redistribution among its own allies. But it and succeeding regimes eventually came to a new accommodation with their rivals.

Tan was accused of looting government coffers to build his corporations, and tax evasion to the tune of billions of pesos. However, he not only managed to retain ownership of his corporations, but also bought two government corporations that were privatised in the 1990s. One of them was Philippine Airlines.

Despite Aquino's obvious support for the latest round of airline sackings, the PALEA is attempting to dupe ground staff into believing that the president can be pressured to change his mind.

The union appealed directly to Aquino to reverse the Labor Department's approval of the retrenchment. Aquino responded by upholding the retrenchment program, not once but twice, and took the additional unprecedented step of issuing direct orders to ban the union from conducting industrial action.

Rejected by Aquino, the ground staff union turned to the stockholders of the airline for succour. The union picketed the Philippine Airlines (PAL) annual stockholder meeting in August, appealing to those assembled—that is, those who will directly profit from the job destruction—to put a halt to the retrenchment plan undertaken by the airline's management.

Gerry Rivera, the union president, stressed the servility of the union's leadership and begged management for minor concessions. "We have sacrificed our collective bargaining rights for 13 long years since 1998 and it is unjust for PAL to reward us with retrenchment for it. We appeal to management to craft a business model that does not include outsourcing jobs," he said.

The union also lodged a petition with the Court of Appeals, asking, according to the Philippine news agency ABS-CBN, that the court "declare the outsourcing illegal, declare the termination of the regular employees illegal, and declare PAL guilty of unfair labor practice."

The court system is not a neutral arbiter, however, but defends corporate interests. On September 11, a division of the appellate court authorized Philippine Airlines to file suit for 730 million pesos in damages

against the pilots' group for striking in 1998.

Airline ground staff have defied a ban on industrial action and voted overwhelmingly for industrial action to defend their jobs and working conditions in two strike votes conducted since July. If they are to conduct a struggle to defend jobs, they must break from the union, form rank-and-file committees and launch what will inevitably be a political struggle against the Aquino government, which upholds and promotes the anti-worker measures being implemented by Lucio Tan.

In such a fight, the ground crew workers must link their fight not only to other Philippine Airlines workers but to other sections of the working class, both in the Philippines and internationally. That can be done only on the basis of a socialist and internationalist program.



To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact