

Qantas Airways grounds fleet to impose far-reaching restructuring

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The unprecedented grounding by Qantas Airways of its entire global fleet marks a turning point in the Labor government-backed corporate offensive against workers' jobs, wages and conditions in Australia. It is a signal that, amid the escalating global economic crisis, all lingering restraints will be cast aside to protect the profit interests of the financial and corporate elite.

Qantas CEO Alan Joyce told a press conference at 5pm on Saturday that thousands of Qantas staff would be locked out without pay as of Monday 8pm, due to industrial action by three trade unions. He declared that because workers' reaction to a lock-out "may be unpredictable", all 108 Qantas aircraft in 22 airports around the world would be grounded immediately. Some 68,000 passengers were left stranded and forced to scramble for seats on other carriers.

As Qantas intended, the grounding provided Prime Minister Julia Gillard's government with the pretext to formally intervene into an industrial dispute for the first time, using the powers it holds under its Fair Work Australia (FWA) industrial laws. It ordered an emergency hearing of the FWA arbitration court. Early this morning, the FWA judges ruled in favour of Qantas and the government and terminated both the lock-out and the limited action being taken by unions covering pilots, engineers and ground staff. The court will impose legally binding settlements if negotiations fail to achieve deals within 21 days.

The actions of Qantas are the culmination of efforts to extinguish the opposition within its workforce to a restructuring agenda that has seen the company steadily downsize its Qantas-badged operations. For close to a decade, Qantas has been building up a network of wholly- or partially-owned subsidiaries that employ staff on far lower wages and conditions than the "national" Australian carrier. At present, these include JetConnect in New Zealand, Jetstar Asia in Singapore, Jetstar Pacific in Vietnam, and Jetstar Airways and QantasLink in Australia.

In Australia, Jetstar pilots and air crew receive wages as much as 20 percent lower than their Qantas counterparts. The baggage handling contracting companies used by Jetstar, such as AeroCare and Toll DNATA, pay their workers some \$300 less per week than the wages of a Qantas-badged baggage handler. The conditions in the Asian-based subsidiaries are even worse.

In August, Joyce unveiled the next stage in the transformation of Qantas. Alongside 1,000 more job cuts in Australia, the company would establish a new premium service carrier in Asia to replace Qantas-badged flights between major Asian destinations, the United States and Europe. Qantas is currently seeking a licence to establish the new airline in Singapore. If that fails, Malaysia or China have been nominated as possible bases. Joyce also announced the establishment of Jetstar Japan in 2012, in partnership with Japan Airlines.

A Qantas executive admitted in the FWA court last night that the grounding of the fleet had been prepared from at least October 14. The final decision to lock-out the Qantas workforce was made following the Qantas annual general meeting last Friday. The major shareholders endorsed the corporate strategy and voted to grant bonuses of millions of dollars to the top executives, and a \$2 million a year pay rise for Joyce.

While trade union officials are issuing denunciations of Joyce, the reality is that the CEO and the board are simply the executioners of the dictates of the most powerful sections of finance capital which dominate all sections of the economy in Australia and internationally.

Qantas is almost entirely owned by global financial institutions that also have controlling stakes in the largest Australian banks, mining corporations and other conglomerates (see: "Who owns Qantas"). They appointed Joyce to the top position in 2008, after a stint running Qantas's low-cost Jetstar operation, in order to carry through the restructuring now being implemented.

The financial and corporate establishment view the Qantas attack as the model for the type of assault that the Labor government must direct in order to slash workers' conditions to "internationally competitive" levels.

Business Spectator columnist Stephen Bartholomeusz observed today: "The broader business community will be monitoring the actions taken by the government—and the success or otherwise of Qantas's strategy—closely. The aggression/desperation of Qantas might spark a broader response."

The trade unions do not oppose Qantas's demands for international competitiveness. They have collaborated with the airline at every point throughout its restructuring. They accepted the inferior conditions at Jetstar in return for union coverage of its workforce. In 2008, they helped eliminate 1,750 Qantas jobs through voluntary redundancies. They have facilitated the expanding use of lower paid New Zealand-based pilots on Qantas flights and the entry of contracting companies into more and more areas of the company's operations.

The industrial disputes over recent months stem not from some revival of militancy within the union leaderships but from the recognition among Qantas workers that their entire futures are at stake. To maintain their grip over an increasingly restless membership, the unions announced that they would demand "job security" clauses in workplace agreements. The clauses would compel the company to pay non-Qantas subsidiary or contractor workers the same wages and conditions as Qantas staff, if they performed Qantas-associated work. At the same time, and with far less publicity, the unions repeatedly guaranteed that they would work with the management to further cut costs, as they have in every industry for three decades.

The management refused to even entertain "job security" clauses. Its entire corporate plan is based on downsizing its Qantas-bagged operations and workforce. The maintenance of past conditions is incompatible with the profit returns demanded by shareholders. Qantas provocatively responded to overtime bans and short stoppages by cancelling dozens of flights and mothballing seven planes in order to enlist a government intervention.

Qantas is operating with a thoroughly worked-out global strategy that enjoys the full backing of the business establishment, the Labor government, the courts and the state as a whole.

The workforce and the entire working class, by contrast, are being blinded by the unions to the reality they confront. Transport Workers Union secretary Tony Sheldon hailed the government-initiated FWA decision to terminate all industrial action. It was the "first time in Australia's history that a company has had to be brought to task," he claimed, and a "slap in the face to Qantas." In fact, the submission by the Labor government—for the ending of all industrial action—was completely in line with Qantas's demands.

The grounding of the airline has been dismissed as the irrational act of a "madman", Alan Joyce, who does not understand Australian conditions due to his Irish background.

The purpose of such nationalist denunciations is to perpetuate the myth that Australia is exempt from the class-war measures being implemented internationally, prevent workers from understanding the far-reaching implications of the Qantas restructuring and the role of the Labor government and, above all, to conceal the agenda being pursued by the unions.

The unions' entire perspective is to offer to assist Qantas carry out cost-cutting in Australia as an alternative to the restructuring of its global businesses. Union officials have repeatedly stressed they want Joyce to negotiate with them on how to achieve the "productivity" gains demanded by the company. Australian Council of Trade Unions (ACTU) secretary Jeff Lawrence pledged today that the unions would be "working to make sure ... that Qantas remains a good and viable airline that provides good jobs for Australian workers."

Since the Labor government-employer-union Accords of the 1980s, making Australian companies "viable" has meant a never-ending assault on conditions in order to achieve "international competitiveness". The union's total embrace of this program flows organically from their pro-capitalist and nationalist orientation. They are committed not to the interests of the working class, but at securing a position as the labour managers of the corporate elites.

Workers need a new political perspective. It is impossible to defend the interests of workers in any country without a direct political struggle to end the control over the world's industry and wealth by the financial and corporate ruling class. Everywhere, workers are being told they must agree to a race to the bottom in terms of wages and conditions to protect the fortunes of a few—the "one percent" denounced by the international Occupy movement.

The perspective that must guide the working class is international socialism and the establishment of genuinely democratic workers' governments that will completely reorganise the economy and society. The major financial institutions and corporations, including the critical air transportation companies, must be transformed into publicly owned and democratically controlled institutions, and the world economy planned to meet the social needs of the population, not private profit.

In Australia, the struggle for socialism is bound up with a political break with the Labor Party and the trade unions, and the development of an independent and revolutionary mass movement of the working class. The Socialist Equality Party urges Qantas workers to consider this perspective and strike out on a new road.



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