Thousands of jobs at risk at Lufthansa

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In a letter to the Lufthansa Group’s 117,000 staff, the board announced a new programme called “score”, which aims to make cuts of at least €1.5 billion (US$2 billion) by 2014.

Lufthansa, Germany’s flagship air carrier, employs 40,000 people. Throughout the Lufthansa group, including subsidiary airlines and in technological fields, there are almost 120,000 employees.

According to a report in *Bild* newspaper on April 26, some 3,000 of 6,000 jobs worldwide will go in the administrative areas of finance, personnel, and bookings. The airport at Frankfurt/Main will be particularly hard hit, with 1,500 jobs threatened. At the same time, the remaining employees will be transferred to a new company where they will work longer hours for less pay.

The cuts will reduce personnel costs by 5 percent per flight hour. This will apply to all employee groups on board and on the ground, according to the letter from board member Carsten Spohr, who is responsible for the passenger business. Redundancies could not be excluded as part of the cuts package, a Lufthansa spokeswoman said.

The aggressive cost-cutting measures being introduced by Lufthansa also include plans to use temporary workers as stewards with the opening of the new Berlin airport, a model that can then be extended to other locations and the entire group at short notice.

Furthermore, all processes will be thoroughly evaluated as part of “score”. The service functions of various departments and subsidiaries will be combined as far as possible. The stated aim of the Lufthansa board is to perform tasks wherever it is cheapest.

Spohr also announced in the letter to employees that the group’s own budget airline, German Wings, would be combined with large sections of the Lufthansa core business. Under what name or company logo this will take place is still to be determined. This mainly concerns the decentralised European business of Lufthansa, affecting all flights within Europe that do not take off or land at the airline hubs of Munich and Frankfurt.

Another variation of the plan would link the subsidiaries German Wings and Eurowings closer organisationally in order to cut jobs and reduce costs.

Lufthansa will not operate any new flights up to 2014, at best replacing old aircraft. Unprofitable routes will be cancelled. Connections from Frankfurt to Hyderabad and Calcutta in India, as well as to Guangzhou, China, have already been cut. Destinations such as Nanjing, China, and Bangkok will come under scrutiny.

Lufthansa posted a 2010 profit of €1.131 billion. In 2011, it reported a loss of €13 million. The stated aim of Lufthansa CEO Christoph Franz is to use the cuts programme to raise the company’s efficiency to make Lufthansa the most profitable airline in Europe.

According to a report in the *Rheinische Post,* in early February of this year, at a meeting of senior managers, Franz called for a long-term operating margin target of 8 percent. Most recently, the yield at Lufthansa was just 2.6 percent.

This profit increase is to be enforced at the expense of employees and by means of the cost-cutting programme. The new programme follows directly from the “Climb 2011” cuts programme, which Franz’s predecessor on the board, Wolfgang Mayrhuber, used to reduce fixed costs in the past two years by €1 billion.

Lufthansa’s savings measures are part of the merciless competition in the aviation industry that has gone on for decades on the backs of the workforce. This started in the US, where existing wages and working conditions were often destroyed using bankruptcy proceedings. The once well-compensated pilot and flight attendant professions have become increasingly poorly paid.

Many smaller national airlines such as Swissair and Austrian Airlines have been swallowed up by Lufthansa and the other major industry players, which are now themselves cutting back massively. The Australian airline Qantas only recently pushed through a massive restructuring programme against opposition from the workforce.

In Europe, the pace is being set by budget airlines such as Ryanair and Easyjet. The situation is further exacerbated by the impact of the international financial and economic crisis, the economic downturn with lower levels of freight traffic, and stiff competition from airlines such as Emirates and Etihad on long-haul flights.

Lufthansa can rely on the full support of the unions in pushing through the cuts. They have long been involved in helping the company impose the cuts, and were included early in the planning. All the trade unions at Lufthansa also sit on the company's supervisory board. Frank Bsirske, the leader of service sector union Verdi, is deputy chair of the Lufthansa supervisory board.

The Lufthansa works council had sight of the board's plans of March 23 of this year, which formed the basis of the board's letter to employees, according to the report initially quoted in *Bild*.

Following the usual ritual of so-called industrial relations: first the union officials express "surprise" and "shock", and then they announce their "resistance". A Verdi spokeswoman said, "We fear job and pay cuts, and will do everything possible to put a stop to them." A spokesman for the Independent Flight Attendant Organisation (UFO) said, "The letter from the board was unexpected and we see this as a serious threat."

UFO spokesman Alexander Behrens, who is also a member of the works council, claimed last week in the *Frankfurter Rundschau* that the representatives of staff in the cabin, on the ground and in the cockpit had not been informed. This was not a proper way to deal with the workforce representatives, he said.

Behrens also warned the Lufthansa managers that it was not wise to antagonise all three professional groups at the same time. Behrens clearly thinks that it would be easier to push through the destruction of 5,000 jobs, the figure experts predict, if Lufthansa took on the three groups individually.

The exact implementation of the cuts will be negotiated by the Lufthansa board on May 10 with Verdi. How this is conceived was demonstrated to the pilots and flight attendants of the subsidiary company Austrian Airlines, who have so far refused to make concessions on wages and working conditions.

On April 19, the Supervisory Board of Austrian Airlines, headed by Stefan Lauer, Lufthansa's personnel director, decided to transfer the entire aircrew to the regional subsidiary Tyrolean Airways. This eliminates automatic salary increases and pension obligations, with new pilots earning 25 percent less and the salaries of current employees frozen. CEO Jaan Albrecht commented, "We have today made a decision that frees Austrian Airlines from structural legacies."

The aggressive action being taken against the pilots and flight attendants at Austrian Airlines must serve as a warning to all Lufthansa employees. The unions cannot be relied upon to defend jobs, wages and working conditions. Airline workers need to build independent committees of action, establish contact with aviation workers around the world, and fight for a socialist perspective that places the interests of employees above the profit interests of the airline corporations.