

Lufthansa threatens wage cuts and layoffs

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At a press conference in Frankfurt last Thursday the CEO of Lufthansa, Christoph Franz, announced details for the long-planned restructuring of the company. From 2013 onwards Lufthansa will transfer all of its Europe-Germany flights—with the exception of those from Frankfurt and Munich—to the subsidiary company it formed ten years ago, German Wings.

German Wings will then be equipped to transport 18 million passengers annually in 90 planes which will have no business class section. The company management considers this "separation of the two business models" necessary to compete internationally against low-cost airlines such as Airberlin, Easyjet, and Ryanair and its Middle East competitors, Etihad and Emirates. The restructuring is aimed at increasing the annual operating profit of the group to 1.5 billion euros by 2015.

Specifically, the plans mean that from next year, thirty Lufthansa aircraft will fly under the logo of German Wings. The workforce—300 airline pilots and 1,000 flight attendants—face three options, according to Passage (Passenger Airlines) CEO Carsten Spohr: either quitting the company, moving to one of the remaining Lufthansa centers (which are already fully staffed), or a transfer to German Wings.

For most workers, such a transfer is seen as the only realistic perspective. At the same time it is associated with a significant worsening of income and working conditions. German Wings pays pilots an average of 20 percent less than Lufthansa, while cabin crew, depending on age and seniority, can expect to lose up to 40 percent of their current salaries. In addition, staff will be expected to work longer hours with shorter breaks between shifts and most likely reduced social benefits and employment protection.

At the press conference, Christoph Franz admitted that the transfer of cabin crew was a problem "we need to solve." He denied, however, that the company had already threatened some employees with dismissal.

UFO cabin crew union head Nicoley Baublies disagreed, telling the news agency dpa: "Supposedly,

there are already too many people working for Lufthansa Passage due to the failure to meet growth targets." Together with the company's development of the low-cost airline German Wings it was clear that management possessed "a whole new potential for blackmail" that undermines the current round of arbitration for around 18,000 Lufthansa flight attendants. The company management led by CEO Christoph Franz was apparently seeking a confrontation with both cabin and ground staff.

In fact Franz's announcements confirm that the Lufthansa executive is determined to conduct a struggle against its competitors with absolute ruthlessness and at the expense of the workforce. The tactics he is using are not new. Lufthansa has already tested them in the "restructuring" of its Austrian subsidiary, Austrian Airlines (AUA).

On Sunday July 1, 2012, the staff of AUA—around 450 pilots and 1,300 flight attendants—were transferred along with the Austrian Airlines fleet into its subsidiary, Tyrolean, which the company bought from Lufthansa ten years ago. According to the Tyrolean contract average pay for pilots is about 25 percent less than under AUA. Those affected must be more flexible and fly longer hours and also lose out on graduated salary increases according to length of service, and pension entitlements.

The transfer to Tyrolean is expected to result in wage cost savings of 45 million euros in the first year alone. One-hundred-twenty pilots and 221 flight attendants who were not prepared to support the attacks on their working and living conditions were forced out of the company. They are currently being replaced by newly recruited staff who have been trained by various agencies, including, the 49 percent-owned Lufthansa subsidiary, Aviation Power.

The failure of Austrian Airlines staff to defend themselves against these major attacks on their working conditions and prevent their transition to a low-cost airline has nothing to do with a lack of militancy. On the contrary, at a number of workplace meetings and in a vote by all workers staff at AUA rejected a transfer to Tyrolean by a majority of over 90 percent.

The main responsibility for the inability of airline staff at both Austrian Airlines and Tyrolean to defend their jobs and conditions lies with the trade unions and works councils which, with a combination of delaying tactics and futile protests, have played directly into the hands of management. Instead of organizing an all-out struggle to defend workers' rights, union officials argued in April, that a transfer of staff to a new company was "legally impossible." When the opposite was clear, the unions played down the extent of the consequences of a transfer and crawled to management with their own compromise formula.

When this proposal was promptly rejected by the company, union leaders at Tyrolean and Austrian Airlines then devoted themselves completely to a petty fight to defend their own privileges. The head of the AUA works council lodged an injunction, pleading that he be allowed to maintain responsibility for representing AUA workers after their transfer to Tyrolean.

While the flight attendants' union UFO is currently in an arbitration process with Lufthansa, workers are once more demanding action, following the nationwide strike by cabin crew in September. Pilots working for German Wings had only agreed to lower salaries when the company was founded in 2004 on the conditions that it operated independently of the parent company, Lufthansa, and did not expand too quickly.

According to the terms specified in negotiations for a new wage agreement which are continuing this week, the current restructuring process means that these conditions no longer apply. *Der Spiegel* cited one pilot who declared: "If the talks fail we are prepared to strike again at the drop of a hat."



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