Air Berlin cuts 900 jobs

Our correspondents
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Air Berlin, Europe's sixth largest airline, plans to cut one in ten jobs by the end of 2014. Around 900 of the 9,300 workforce will lose their jobs. This was announced last week by the new chief executive Wolfgang Prock-Schauer at staff meetings in Berlin, Düsseldorf and Munich.

Prock-Schauer also demanded the workforce accept pay cuts, with workers being called upon to give up their annual bonuses (equivalent to one month's pay) and sign new "transparent and simplified" contracts.

Overall, the company aims to save €450 million through its so-called "turbine" savings program. To this end, Air Berlin will shrink both its fleet—from 170 to 139 aircraft—and its network of destinations.

According to Verdi [*Vereinte Dienstleistungsgewerkschaft***,** United Services Union], the staff cuts announced only account for about 10 to 15 percent of the targeted savings. How and where the rest is to come from remains unclear at this point. It is expected that Air Berlin will push for massive reductions in labour costs and cuts in different service areas.

Verdi also says that only about half the workforce is covered by contractual agreements. Employees at the company's headquarters in Berlin and at ticket counters are working without any contracts; and works councils were recently established in these areas.

Joachim Hunold took over Air Berlin in 1990 with two aircraft and about 100 employees. Through acquisitions he built up the company to become the second largest German airline, always boasting that his company had neither unions nor works councils. It was only in 2007 that Air Berlin negotiated agreements with Cockpit and Verdi, unions covering 800 pilots and 1,450 flight attendants.

To date, the airline has adopted the legal form of a limited company under UK law, and so is not subject to Germany's co-determination regulations mandating employee representation on certain bodies.

Air Berlin sought to evade crises through rapid expansion and the acquisition of other airlines such as DBA and LTU, and also by reducing labour costs. This has already led to disastrous working conditions.

Last December, Spiegel Online published a report headlined "Hunger wages in the cockpit", about the working conditions of co-pilots flying for regional airline LGW, a subsidiary of Air Berlin. The co-pilots earn €1,635 [US$2,175] net per month, out of which they have to spend about half repaying the costs of their pilot training. What remains leaves them below the poverty line.

Another Spiegel Online article, from June 2012, reported that two pilots from Air Berlin were forced to request an emergency landing in Munich because of fatigue. They had taken a bus from Munich to Nuremberg, flown from there to Mallorca and then back to Munich on the same day.

The former rail boss Hartmut Mehdorn replaced company founder Hunold a year ago at the helm of Air Berlin in order to restructure the company.

Between 1999 and 2009, Mehdorn's cuts at Deutsche Bahn almost brought the railway company to its knees. He sacked 110,000 out of a total workforce of 350,000, at the same time doubling turnover and turning a loss of €1.5 billion into a net income of €2.5 billion. His goal of launching Deutsche Bahn on the German stock exchange failed, however, due to the international financial crisis.

Mehdorn left behind a pile of rubble. Poorly paid staff, chronic delays and breakdowns affecting high-speed trains have become a trademark of Deutsche Bahn. The once well-functioning Berlin S-Bahn (suburban rail network) collapsed largely because of cuts in maintenance.

With a programme of cuts known as "Shape & Size", adopted shortly after taking office, Mehdorn saved

€230 million at Air Berlin. He also brought in the wealthy Etihad Airways based in Abu Dhabi as a major shareholder and partner, selling off the Air Berlin loyalty program for €184 million to Etihad. In this way, Air Berlin's figures temporarily returned to the black last summer.

The newly announced "turbine" cuts programme was developed last November under Mehdorn. However, Etihad seems to have lost confidence in the latter's ability to implement the program and, on January 7, he was succeeded by Prock-Schauer, an Austrian-born executive.

Prock-Schauer is a specialist in the restructuring and management of ailing airlines. He worked for Austrian Airways and Lufthansa, for whom he sold off the subsidiary British Midland (bmi). From 2003 to 2005, he headed the Indian airline Jet Airways, whose IPO brought the owner Naresh Goyal a profit of $2.5 billion within hours.

The employees of Air Berlin must be prepared for ruthless attacks. They cannot rely on the unions and the works council to defend their jobs, incomes and working conditions.

Christoph Schmitz, spokesman for Verdi's National Executive Committee, commented on the elimination of 900 jobs with the words: "Employee morale is very bad, anger over the actions very great". The union expects "there will be no compulsory redundancies".

"No compulsory redundancies" is the formula under which the unions have organized the destruction of jobs for years. They are not prepared to defend jobs. Instead, they negotiate the means of undermining solidarity between staff members, allow management to put workers under pressure individually and force them to accept "voluntary" redundancies, low severance pay, unacceptable replacement jobs and the like.

Jobs must not be negotiated away. The right to work is a fundamental right that stands above the profit interests of Air Berlin, Etihad and the banks. To defend it, independent action committees must be established that collaborate with workers at other airlines in Germany and internationally.