Germany: Verdi union accepts cuts to real wages at Lufthansa

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Last Wednesday, the Verdi trade union and the management of Lufthansa settled a new contract for the airline's ground staff. It will encompass 33,000 employees.

The agreement covers a term of 26 months and is valid until the end of March 2015. It begins with a six-month wage freeze, backdated from February 2013 and extending to July 2013. This will be followed on August 1, 2013, and August 1, 2014, by a two-tier wage increase of 3 percent for workers at the main Lufthansa company, and 4.7 percent for those at its technology, cargo and systems branches. Trainees will receive an increase of 5.2 percent.

By the end of October 2013, "new tariff structures" will also be negotiated for the planned outsourcing of jobs and for employees at remote locations outside of Munich and Frankfurt.

Lufthansa has ruled out any compulsory redundancies for the duration of the collective agreement. But that means little because the corporation can still cut jobs by not replacing employees who retire, or by forcing others to choose "voluntary" resignation in face of unacceptable working conditions.

The collective agreement amounts to a stab in the back for the workforce.

Not only does the result of the negotiations fall far short of the originally requested 5.2 percent increase for a year, it also means a significant reduction in real wages in view of the expected annual inflation rate of 2.0 percent.

Verdi's division of the workforce by accepting different rates of pay, corresponding to their varying levels of profitability, will have an even more devastating impact on the wages of workers.

Moreover, the ground staff has been locked into a contract preventing them from taking any industrial action for the next two years, so that Lufthansa can isolate other groups of employees prior to collective bargaining and put pressure on individual workers.

Two days after the announcement of the new contract it was revealed that the Verdi union and Lufthansa management struck a secret deal in February, which provides for drastic wage cuts and extra work for the 5,000 employees of the Lufthansa catering subsidiary LSG.

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_ According to the deal, struck behind the backs of the workers, Verdi and Lufthansa agreed to cut wages in catering by 3 percent, increase the working week from 37.5 hours to 39 hours, and cut holiday entitlement by three days. Together, this amounts to a wage reduction of about 10 percent.

Commenting on the secret deal, one catering worker told the *Berliner Zeitung*, "We are outraged—the atmosphere here is explosive. We feel betrayed and sold out by Verdi."

Lufthansa share prices soared following the announcement of the main contract. Company personnel director Stefan Lauer praised the deal as a "differentiated tariff agreement", which sent "an important message" and was "a contribution to the austerity programme."

Verdi negotiator and Lufthansa board member Christine Behle was also upbeat about the outcome of the negotiations, adding that it was "due to the determined opposition of the workers and their impressive strike."

The common assessment of the contract agreement delivered by the management and union leadership demonstrates—as does the entire course of the wage dispute—the teamwork and division of labour between the supposed opponents.

The aim of the Lufthansa executive board is to saddle employees with the costs accruing from mounting competition in order to increase the company's profitability. Verdi is acting as its ally and willingly doing the job of absorbing, fragmenting and thwarting the growing opposition of the workers.

How else can it be explained that, a week after the most important strike in the company's history and one in which 14,000 workers paralysed more than 97 percent of flight operations for a whole day, the union agreed to accept a six-month pay freeze and a reduction in real wages over a period of more than two years?

Verdi's call for a strike two weeks ago was not the "show of force" touted by the media; it was a well-calculated manoeuvre designed to serve as a lightning rod for the growing anger of workers confronted with attacks on their living standards.

The three-day tariff negotiations in Mörfelden near Frankfurt were also far from the "bitter dispute" described in the press; they amounted to nothing more than a staged battle. Verdi was not interested in fighting for the best possible outcome for Lufthansa employees. Instead, the union wanted to protect the corporation during the enforcement of its "Score" cost-cutting programme and enable the executive board to increase the airline's profits to €1.5 billion.

Verdi also wants to strengthen the negotiating position of the company's management in its dispute with the subsidiary pilots' trade union, Cockpit. Cockpit is demanding a year-long 4.6 percent wage increase for the captains of Lufthansa, Lufthansa Cargo and German Wings and, following fruitless negotiations over the last year, has recently issued an ultimatum, threatening to call a strike this coming Sunday.

Last week, Verdi received support from Lee Moak, head of the world's largest pilots union, the Air Line Pilots Association (ALPA). In an interview with the *Wirtschaftswoche* business weekly, Moak criticised the demands of many of the employees as "unrealistic and short-sighted", accusing them of risking the future of the corporation and their own jobs. "With airlines like Swissair, Sabena and Alitalia, our colleagues insisted ... on high wages and excessive privileges—now these companies are gone and, with them, many jobs", he said.

The union boss, whose words could have come from the mouth of a company hatchet man, had some advice on hand especially for the Lufthansa workers: Lower labour costs can be "attained through more efficient operational procedures. But when such a course has reached its limits, as in the case of Lufthansa, then it's a matter of wages."

The devastating consequences of Moak's attitude are demonstrated by events in the United States. His ALPA has decisively contributed to creating the situation where US airline companies today pay their employees up to 50 percent lower wages than at the turn of the millennium.

The contract negotiated by Verdi, which has to be submitted to a vote by union members and the tariff commission by May 14, is a clear step in the direction of such wage conditions.