

German pilots conduct largest strike in Lufthansa history

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On Wednesday, 5,400 pilots at the German national airline Lufthansa went on strike. The limited three-day strike halted 3,800 flights, including those of its subsidiaries, Cargo and German Wings. It is the biggest strike in Lufthansa's history.

The pilots are protesting mainly over cuts to their pension entitlements. Lufthansa has ended the contract agreement on the transition to retirement. According to this, pilots who have served for many years can decide from the age of 55 to avoid the additional exertions of constant time differences, flying overnight, extreme shifts and changes in climate, or take early retirement on a reduced wage.

The pilots' trade union Cockpit (VC) stressed the safety of passengers. "Who would want to fly with pilots who no longer feel fit but have to keep flying due to financial reasons?"

Together with the company pension, which is available to all employees, only pilots and cabin crew receive transitional support until full retirement. To finance this, Lufthansa has kept a portion of each employee's wages during their service at the company, which is paid into a fund to cover the cost of transitional support. The company now intends to abolish these payments.

In an initial vote on March 20, 99.1 percent of pilots voted in favour of strike action to defend the comprehensive agreement on transitional support.

The transition regulations are necessary since it is not permitted by law to retire at 55. With the wage payments retained and set aside by Lufthansa, the company pays pilots up to 60 percent of their net pay until they reach retirement age. The pilots' trade union calculates that €1 billion (\$1.38 billion) has been saved in this reserve fund.

Led by outgoing chief executive Christoph Franz,

who is leaving to join Swiss pharmaceutical firm Roche, company management are now effectively attempting to compel pilots to work eight years longer.

It isn't just the billions in the reserve fund that is whetting the appetites of the financial markets. Although Lufthansa management complain daily that costs must be cut and that the company can no longer afford the wages and social security for its employees, they have announced that they will pay shareholders a dividend of 45 cents per share. In the coming years, the dividend is to rise sharply, despite stiff competition in the industry.

The remuneration for board members has been systematically increased over recent years. According to company figures, CEO Franz earned €2.6 million in 2012, or €216,000 per month. At Roche, his benefits package will almost treble to €7 million.

Lufthansa faces strong competition with cheap airlines like RyanAir, as well as Arabian airlines from the Gulf sheikhdoms, Emirates, Qatar and Etihad Airways. The three air transport firms from Dubai, Qatar and Abu Dhabi benefit from cheaper airport charges, lower fuel costs and, above all, from the fact that their wages, according to calculations by consultancy firm Arthur D. Little, are a third less than those of Lufthansa.

CEO Franz therefore began the Score savings programme two years ago. The programme, made up of 2,500 projects, is projected to save the company €1.5 billion by 2015. Lufthansa management has sharply increased profit targets for this year and next. Operating profits are to climb this year to €1.5 billion, and in 2015 to €2.65 billion. Revenues will be boosted through cuts to the workforce.

In previous years, many Lufthansa employees have been transferred to foreign subsidiaries Austrian

Airlines, Swiss Airlines and Brussels Airlines, and others. All of these firms have collective agreements for workers that are cheaper for Lufthansa. Young pilots moving up the pay scale at Lufthansa are paid less than their older colleagues.

Lufthansa has now begun attacking the social security of all company employees. They withdrew the pilots from the scheme first because the company thought that their higher wages and better conditions would enable management to win the favour of public opinion. The media backed the Lufthansa campaign, with financial daily *Handelsblatt* denouncing the “exaggerated demands” of the “insatiable” pilots.

Lufthansa human resources chief Bettina Volken told the press that Lufthansa currently pays social support for 84,000 current and former employees. The 8,400 pilots included in this number (10 percent), account for 40 percent of payments. The calculation is easily explicable. If these figures are correct, it is due to the fact that pilots are the best-paid group at the company apart from management.

It is clear that Lufthansa intends to make an example of the pilots. If the transition regulations are abolished for pilots, cabin crew and ground staff will be the next in line. Not only the transition regulations are under threat, but also the company pension and wages.

This is why Lufthansa management has rejected all offers from VC. “Our contract commission has explained to Lufthansa that it is prepared to agree on a cap for the costs of social security,” declared Ilona Ritter, head of contract policy for Cockpit. “Unfortunately, Lufthansa has not taken seriously the suggestions of VC,” the union complained.

Pilots, like all other employees at Lufthansa, are not only being targeted by management, but also by the Verdi trade union. In recent times, wherever they have led negotiations, Verdi has imposed massive cuts on the workforce.

Verdi chairman Frank Bsirske sat on Lufthansa’s board as deputy chairman until recently, earning the handsome salary of €175,000 in 2012. For some time, Verdi has worked hand in glove with management to isolate the other professional unions and secure its control over the workforce.

Last year, Verdi agreed to lower wages and overtime for the 5,000 employees of LSG in the catering department behind their backs, which meant a reduction

in income of 10 percent. At the same time, the union agreed to the founding of three cheap labour companies that pay up to 30 percent less. Based on internal company sources, *Spiegel Online* reported at the time that the three new companies would bring together administrative tasks and passenger check-in, with the exception of the main transport hubs of Frankfurt and Munich.

Since Verdi has repeatedly accepted low-wage agreements and pay cuts, smaller unions in specific professions have emerged, such as the pilots’ union Cockpit, air traffic controllers’ union GDF and cabin crew union UFO. Verdi has stabbed them in the back in previous struggles and is once again attempting to isolate the pilots.

Bsirske, Verdi and company management collaborate closely with the German government in their attacks on the profession-based unions. The grand coalition of Christian Democratic Union/Christian Social Union and Social Democratic Party have agreed to restrict the right to strike during this legislative term in order to destroy unions like Cockpit and UFO. They intend to codify the principle “one company, one trade union” into law. Under this law, only the union representing the most members at a company could conduct contract negotiations. A fundamental attack on the right to strike and the freedom to organize is being prepared.



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