

# Lufthansa insists on pension cuts for pilots

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In the current industrial dispute between Lufthansa and the Cockpit pilots union (VC), Lufthansa management is refusing to back down on the imposition of measures that would drastically curtail the pension rights of the 5,400 pilots employed by the company.

Lufthansa pilots have held a series of strikes since April, stopping work on three occasions in the last four weeks. As a result, a total of around 4,300 flights were canceled—a consequence that resulted in vicious attacks on the pilots in the German media.

Another short-term strike scheduled for Tuesday of last week, which would have affected flights from Frankfurt, was called off by the union at short notice. A spokesman for VC denied that the strike was called off due to a threat by Lufthansa to employ strikebreakers, consisting of former pilots now in management, plus “volunteers”. Instead, Lufthansa had put forward new conditions regarding early retirement for pilots. In response, the pilots’ union contract commission offered renewed negotiations, which began on Thursday last week.

At the talks on Monday there was no indication of a deal because the company refuses to budge from its original plans to cut pilots’ retirement provisions.

The retirement provisions go back decades, but have been under attack for years. Formerly, pilots were allowed to retire at age 55 and were paid a transitional sum until they reached the statutory age of retirement. These payments were financed by a fund into which the company paid sums appropriate to the salary levels and length of service of individual pilots. VC regards this money, which is reckoned to total hundreds of millions of euros, as a “salary component of the pilots”.

In the meantime, however, it is virtually impossible for Lufthansa pilots to take retirement at 55 following a series of “modifications” to the contract in recent years, most recently in 2010.

Over the past five years, the average age for pilots seeking to retire has been at least 58 years. If the average falls below 58, pilots are required to work longer. In 2013, according to the union, the average had already reached 59 years, “even though a contract clause stated that up until 2012 pilots were not allowed to work past the age of 60”.

Due to the fact that most pilots do not draw on their full entitlements, the costs of the scheme are not as high as Lufthansa claims. In addition, every pilot who leaves service is replaced by a younger recruit at a much lower pay scale, bringing even more savings for the company.

Nevertheless, Lufthansa is maintaining its demand that costs be minimized prior to eliminating the scheme altogether. Management is demanding that the entry age for early retirement be raised from 55 to 60 years, and that the average age for actual retirement be raised from the current 58 years to 61.

The result would be not only an extension of the working life of the pilot but also a concomitant reduction in the security of passengers. The top priorities for Lufthansa are not reasonable working conditions for pilots and passengers’ safety, but rather the bottom line for shareholders.

One of the world’s biggest asset managers, the US firm Blackrock, possesses 5.43 percent of Lufthansa shares and is one of its largest shareholders. Blackrock is also involved in almost all of the other top 30 DAX companies, which require investment returns of at least 8 percent. In international aviation this has led to increasingly fierce competition, at the expense of airline workers.

This is behind the growing pressure on pilots who are expected to compete with the employees of low-cost airlines, where salaries and retirement provision are far below those of Lufthansa and other major airlines. In addition to its existing offshoot, German Wings,

Lufthansa is planning to start another pan-European low-cost operator to compete in particular with Ryanair and Easyjet. This competition forms the background to the conflict between VC and Lufthansa.

For its part, the union has no alternative to offer. It shares the view of Lufthansa management that the main concern is to maintain “competitiveness”. This was behind the union’s previous capitulation to management following a labor dispute in 2010. At that time the union wrote: “Cockpit personnel had made a major contribution towards greater competitiveness by agreeing to 20 percent cost reductions in short haul flights.”

Even now VC assert “that they are ready to strike a deal at any time”. The union has already offered to raise the average agreed minimum retirement age of 58 years to 59, although the latter retirement age is already a reality.

The national focus of the VC also prevents a pan-European or international labor struggle by pilots, although they are facing very similar attacks across the globe. Fellow workers at Air France are involved in a conflict similar to that of the Lufthansa pilots. And contrary to the claims of the media, the retirement scheme proposed by Lufthansa has no equivalent anywhere in the European airline industry.



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