

UK pilots union agrees mass layoffs/pay cuts at Monarch

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Trade unions at Monarch Airlines, Britain's oldest surviving carrier, have agreed to cut 900 jobs, slash pay by up to 30 percent, and reduce the terms and conditions of the remaining workforce, including changing working patterns.

Details have yet to emerge as to the concessions the unions agreed regarding changing working patterns.

Monarch began discussions with the British Airline Pilots Association (BALPA) and Unite, the UK's largest trade union, earlier this year after it threatened that without huge cutbacks it would not survive.

Speaking after the rotten deal was concluded, Jim McAuslan, general secretary of BALPA, said, "Pilots and their colleagues at Monarch have stood up and made major sacrifices to secure the future of this important British company, accepting lower pay and reduced terms and conditions within a restructured airline. It is now time for the Government to engage with all of the parties concerned and do everything it can to make this deal happen and help Monarch survive and thrive."

Faced with no alternative, workers in both unions voted to accept the cuts.

Monarch is going through a major restructuring with the stated aim of becoming a "low-cost" airline. In August, Chief Executive Andrew Swaffield said, "We began to see the market deteriorating at the end of last summer... Capacity is up, but demand is flat. We have more aircraft than we would like in this market."

The firm plans to end its long-haul operation, with Swaffield telling *Travel Weekly*, "The old model of flying out on a Saturday and staying a week or two is finished. Increasingly, customers book shorter, multiple trips, going out on Thursday and back on Monday. There will be more flights to fewer places."

On September 23, Monarch announced that it was in

talks with London-based investors Greybull Capital to sell a majority stake. The two parties said they were working towards Greybull's purchase of the business from the Swiss-Italian Mantegazza family towards the end of October. Speaking about Greybull's planned acquisition, Marc Meyohas, its co-founder, said, "It's a very competitive market. We need to do three things [at Monarch]—run a business, have a low-cost base and have the right fleet."

Monarch was founded in 1968 and continues today as part of group including Cosmos Tours and an aircraft maintenance business. It reported a £33.4 million loss in 2012 and a £5.9 million pre-tax profit in 2013. Swaffield said 2014 had been "a difficult year." Monarch is to reduce its fleet of ageing 42 narrow-body aircraft with 30 new Boeing jets in a £1.75 billion deal. The new planes are set to enter service in November 2018, and will provide fuel and maintenance savings of £2 million to £3 million annually per plane.

The company has a pension deficit of around £160 million.

Greybull is known as a "vulture fund," described by the *Financial Times* as "A fund that invests in companies in difficulty, hoping to gain control of them and improve their performance."

It was named preferred bidder to purchase the airline ahead of other parties including Elliott Advisers, which is, as the *Sunday Times* noted, "the aggressive American hedge fund that recently helped force Argentina into a partial default on its sovereign debt."

The 900 job losses represent about 30 percent of the company's workforce. If the Greybull deal is finalised, the remaining workers face an uncertain future and even more belt tightening.

In 2012 Greybull partly funded a takeover of electrical goods chain Comet, following its collapse

and the loss of nearly 7,000 jobs in 2012 and began asset stripping. Along with Elliot Advisors, Greybull purchased the collapsed firm for just £2 under the aegis of private investment firm OpCapita. Under that deal a newly created vehicle, Hailey Acquisitions Limited (HAL), became the main secured creditor to Comet.

According to documents published by the *Daily Telegraph*, by August 13 HAL had already paid £54 million from the sale of Comet's stock and equipment. In contrast, Comet's unsecured creditors, who were owed £232 million, were to receive less than 1p on the pound.

Over the past decade airline workers in the UK have suffered one defeat after another, as the union has collaborated with management to impose swinging cuts and job losses. In an industry that is global by its very nature, all disputes were restricted to the individual airlines involved, on an explicitly national basis. The sell-out at Monarch anticipated that by the unions of the Air France pilots' strike.

In 2009 BALPA, representing 95 percent of British Airways' (BA) 3,200 pilots, agreed a 2.61 percent pay cut and 20 percent in cutbacks to allowances and perks, amounting to an annual saving of £26 million.

The following year, as the High Court ruled illegal a planned strike by BA cabin crew, who were members of Unite, BALPA appealed for intervention by the new Conservative-Liberal Democrat government against "what are tired 1970s-style industrial relations".

In 2011, Unite reneged on strike mandates and ended a series of long-running strikes by cabin crew, accepting many cost-cutting measures. Unite also agreed BA's right to organise scabbing on any future dispute, agreed to strikers being penalised and promised not to defend union members from victimisation.

The sell-out of workers' jobs and livelihoods at Monarch again demonstrates there is no line which the union bureaucracy will not cross to defend their privileged position as an arm of management. BALPA's McAuslan added, "We welcome the announcement that Greybull are moving towards securing their position as majority shareholders in Monarch."

BALPA's assurance to help Monarch to "survive and thrive" means that the brutal cuts in wages and conditions just imposed are only an initial down

payment and a portent for the future in an industry that becomes ever more competitive and cut-throat. The trade unions today are not defensive organisations against the employers, but aim to demobilise all opposition in alliance with corporate management and governments. Employees at Monarch and other airlines must organise themselves independently through the formation of rank-and-file committees and do all in their power to link their struggles with airline workers around the world.



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