

Lufthansa-union agreement on arbitration ruling: An attack on pilots in Germany

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Lufthansa and the pilots union Vereinigung Cockpit (VC) have accepted an arbitration ruling on compensation for 5,400 Lufthansa pilots. The airline linked the agreement with a new declaration of war on the pilots.

Both sides agreed to the settlement in mid-December, after months of negotiations. The labour dispute has dragged on since 2012, and the pilots have taken strike action 14 times since 2014. Most recently, they stopped work in November 2016 for six days. Lufthansa has demanded substantial cuts in salaries and pensions, as well as attacks on working conditions, in order to gain advantages against international competitors on the backs of the pilots.

The arbitration on wages, chaired by former UN diplomat and state secretary in the foreign office, Gunter Pleuger, ended on January 31 without the union reaching an agreement with Lufthansa, Lufthansa Cargo and German Wings. Last week, Pleuger submitted his arbitration ruling, which both sides accepted this week.

The 5,400 pilots covered by the collective agreement with Lufthansa, Lufthansa Cargo and German Wings will receive a total wage increase of about 8.7 percent in four stages. An increase of 2 percent will be backdated to January 1, 2016, and a 2.3 percent increase will be paid from January 1, 2017. Next year, monthly salaries will rise by 2.4 percent, and at the beginning of 2019 by a further 2 percent. The collective agreement expires at the end of 2019. In addition, the arbitration ruling provides for a one-off average payment of €5,000-6,000 for full-time employees.

The shareholders see the arbitration award as favouring them. The airlines' shares rose on Thursday by almost 3 percent, reaching the top spot on the DAX index and their highest position since last May.

Taking into account the years 2012 to 2015, VC calculated an average salary increase of about 1.2 percent per year. This is a slap in the face of the pilots, who have repeatedly demonstrated their willingness to fight in recent years through strike action.

"The evaluation of the arbitrator's award was, as expected, very difficult," the union said in a press release, "and requires maximum willingness to compromise from the pilots." The final arbitration ruling was "just about acceptable," said Markus Wahl, the spokesman for VC. The union negotiating committee has recommended its members accept the arbitration ruling in a ballot to be held by the end of March.

The airline estimates that the total value of the arbitration award is about €85 million. "In order to compensate for these additional costs, 40 aircraft will be moved outside the current fleet plan and outside the collective agreement," the company threatened in a press release in which it announced its approval of the arbitration agreement. "Details of the formulation of an alternative platform for the operation of these aircraft will be concretized in the coming weeks."

Dr. Bettina Volkens, chief human resources and legal officer for Deutsche Lufthansa AG, was more concrete. The higher cockpit compensation costs run counter to the goal "of making Lufthansa cheaper in the cockpit and thus able to grow again," she said. "Without a balancing compensation in other collective agreements, we must therefore take the path of changed fleet planning." In plain English: Either the pilots accept losses in other areas, such as occupational pensions or working conditions, or the 40 aircraft will not be flown by Lufthansa pilots.

"In the long term, the Lufthansa Classic fleet will shrink," VC spokesman Wahl told the DPA on

Thursday. It was not yet clear how soon this process would take effect. However, Lufthansa, with its 5,400 regular pilots, is already shrinking its workforce by not hiring any new pilots under the terms of the Company Collective Agreement (KTV).

If aircraft are removed from the fleet more quickly than pilots retire, there may be a “personnel surplus,” in other words, job losses. This means that in the medium-term the still reasonably paid pilots under the KTV would be replaced by their colleagues from the low-cost subsidiary Euro Wings.

Despite this open threat, which anticipates the next attacks on pilots, the union is recommending its members accept the arbitration agreement.

However, the one-off payment means lower salaries in the long term. This is not the only bitter pill that the pilots will have to swallow. The company and union could not agree to the usual “non-retaliation policy.” This means the company is not waiving the possibility of taking any work-related or criminal action against workers who participated in strikes.

The refusal to sign the existing non-retaliation agreement is yet another threat. The airline has put the cost of the pilots strike at over one half billion euros. Without a non-retaliation agreement, the company would be legally able to claim these costs back from the strikers or have recourse to them under industrial legislation.

Lufthansa pilots should reject the arbitration agreement. The problem the pilots confront, however, is that the trade union’s promotion of social partnership, co-determination and close collaboration with the company management has proven to be bankrupt. Confronted with international competition, airline workers can only defend their interests with an international and socialist perspective that does not subordinate the rights of workers to the profit demands of the companies.

Currently, the opposite is the case. Pilots with existing contracts at Lufthansa are being pitted against pilots at Euro Wings, and all pilots are pitted against ground crews and cabin staff, etc. The trade unions, including the smaller sectoral unions like VC, play along with this. The pilots union, which once claimed that it would use its fighting power to improve the working conditions of all employees, is now calling on workers to accept a miserable arbitration agreement,

aimed not only against the pilots, but also against those working in other areas.

For example, the Independent Flight Attendants Organisation (UFO) immediately protested the arbitration award. Its leader, Nicoley Baublies, said that if Lufthansa outsourced 40 aircraft to pay the pilots then the cost would also be borne by flight attendants.

Lufthansa stated in its press release that “the employment outlook of ground and cabin staff [was] not encumbered by this” because “cost reductions and new retirement structures” could be agreed with UFO and the Verdi union. Baublies then responded that there was “no willingness so far to negotiate with UFO about how this can happen.” He therefore regarded the arbitration award as being “at the expense of third parties.”

Neither Verdi, UFO nor Cockpit has ever attempted to coordinate industrial action against the same powerful Lufthansa Group. Instead, they offer themselves as partners of management in order to isolate the resistance of employees in individual areas and thus keep the working class as a whole under control.



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