

# Germany's Lufthansa: Billions in state aid and mass layoffs

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Lufthansa and the German federal government are currently negotiating over state aid for the struggling airline. The sum of €9 billion is being discussed. Assistance for Lufthansa's subsidiaries in Austria, Switzerland and Belgium is also being discussed in Vienna, Bern and Brussels. According to press reports, the Swiss government has already committed to providing €4 billion in loan guarantees.

The main issue in dispute is how much influence over the company the state will enjoy. The state could purchase the struggling company twice over for €9 billion, according to its current market value. If the German state participates in Lufthansa through the purchasing of shares it would enjoy significant influence over decision-making. By contrast, if it packages the assistance as loans, this would not be the case.

Lufthansa chief executive Karsten Spohr wants to limit state influence as much as possible. In an interview with the news magazine *Die Zeit*, he said, "If the Federal Republic wants to have too much influence over operational business matters, it could perhaps force Austria, then Switzerland and Belgium, and Bavaria and Hesse to get involved." It would then be extremely hard to direct the company, he added. If Lufthansa wants to continue to be successful in the future, it must "still be able to decide its fate in a corporate manner."

To avoid state intervention, Lufthansa is threatening to declare insolvency. Such a procedure would allow the current management to restructure the company at the expense of existing collective agreements and pension commitments, suppliers and creditors. At the beginning of the month, Lufthansa announced up to 18,000 job cuts. This number would be increased significantly with a declaration of insolvency.

The international air travel industry has come to a virtual standstill due to the coronavirus crisis. Instead of transporting 350,000 passengers per day, Lufthansa was

carrying just 3,000 in early April, as Spohr stated in a video message to the company's 138,000 employees. The number of flights has been cut by 97 percent. The airline is losing €1 million per hour, even though most workers are receiving short-time work payments from the state. Spohr estimates that it will take several years for air travel to return to pre-crisis levels.

The situation is similar for Lufthansa's European competitors. British Airways plans to eliminate 12,000 jobs, almost one third of its 42,000 employees. Scandinavian Airlines (SAS) plans to reduce its workforce by half and cut 5,000 full-time jobs. Norwegian Air expects that most of its fleet of planes will be grounded for at least 12 months. Air France will receive a €7 billion bailout, while KLM will get between €2 billion and €4 billion. Due to the fact that the governments in Paris and The Hague disagree over the details, the airlines, which have been merged since 2004, could separate.

The main issue in the scramble for state aid is ultimately who will emerge from the crisis strongest and secure market share from its competitors. Although almost all state-owned airlines are now privatised, the existence of a national airline still remains an advantage for each country's ruling elite in global competition.

In this struggle, which is being waged at the expense of the working class, the trade unions are proving themselves to be loyal advocates of their "own" national interests. They are appealing for state aid, playing off workers and companies from one country against another, and are prepared to sacrifice the interests of union members for "their" company.

In Germany, this course is being pursued by the service trade union Verdi, whose member Christine Behle is deputy chairwoman of Lufthansa's supervisory board, and the profession-based unions Cockpit Association and Organisation of United Cabin Crew (UFO).

A petition directed to the federal government, which was initiated by Verdi and Cockpit, and signed by numerous works councillors and staff representatives, states: “If Germany as a centre of air travel is to have a future, the air travel industry needs state aid.”

The petition links the demand for state aid with job guarantees for employees: “We expect the securing of jobs and incomes with state aid for the air travel industry. State aid is: when it protects everyone.” But this is empty rhetoric. Verdi in particular has repeatedly shown its readiness to support all attacks on its members, including most recently the shutting down of the Lufthansa subsidiary GermanWings earlier this month.

The UFO addressed a letter to “Dear Federal Chancellor, dearest Mrs. Dr. Merkel.” In it, the union strongly advocates for state aid, writing: “The survival of the crane airline [Lufthansa’s corporate logo] depends to a large extent on whether and how the federal government is prepared to strengthen our wings.”

Unlike Spohr, UFO is urging the state to intervene as a shareholder. The trade union says it expects the government to stand up for the interests of the workers, writing to Merkel, “A rescue of Lufthansa that only serves to enforce long-demanded concessions on worker rights, social security and collective agreements cannot be in the interest of the government, and certainly not in your interest.”

The union urgently appeals to the chancellor “not to leave the social security of the workers during and after the pandemic to company management and the supervisory board alone, but to participate actively in Lufthansa.” It pledges to help Lufthansa become profitable again in the future, writing: “As a trade union, we will take our role in this very seriously and always keep an eye on business performance.”

The fact that UFO is begging to the federal government for it to fulfil the interests of its members is a sign of its utter bankruptcy. Merkel and the governments she has led have ensured in Germany and throughout Europe that wages were cut, health services slashed to the bone, and the rich made richer. Their austerity programmes have ruined countries like Greece. They do not represent the interests of the workers, but of capital.

UFO attached its pleading letter to a detailed “position paper on possible state aid in the air travel industry,” which calls on the government to “assume an active role,” and describes the “reconstruction of air travel” as a “chance for reform in transport infrastructure.”

Among UFO's goals is “climate change targets,” and “a

new balance between air, rail and road travel” and the reduction of traffic on “unprofitable, short routes.” All in all, this amounts to a plea to strengthen Germany and Lufthansa at the expense of its European competitors and their workforces.

The position paper states, “The chance is on offer at the international level to strengthen Germany as a hub for air travel by supporting domestic carriers against competitors. In the long-term, Germany could be strengthened as a location for air traffic, trade and tourism.”

The main reason for UFO's desire to end short-haul flights is because they are a loss-making business for Lufthansa and served by competitors at lower prices. Lufthansa makes its profits on mid-range and long-haul routes. Climate change is merely a useful pretext to this end.

The economic consequences of the coronavirus pandemic are threatening hundreds of millions of workers around the world. The air travel industry in particular is being hit especially hard. But the deadly virus is not the cause of this crisis. It was recognised in time and could have been contained. But it struck a capitalist society whose ruling elite is only interested in rising stock markets and the plundering of all existing resources.

Airline workers can only defend themselves if they unite internationally and take up the struggle for a socialist programme. The billions in state aid now flowing into the accounts of the corporations and banks must be deployed to contain the pandemic and overcome its social consequences. The airlines must be expropriated and placed under workers’ control. The same applies to the banks, hedge funds and the wealth of the super-rich. Only in this way can all of the available resources be used to meet urgent social needs.



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