

Germany: Lufthansa and the bankruptcy of the unions

Peter Schwarz**29 June 2020**

On Thursday, shareholders approved the “rescue package” that Lufthansa has agreed with the German government. This means that the last hurdle for its acceptance has been cleared.

The government is providing €9 billion in aid to the largest German airline, which has practically come to a standstill due to the coronavirus crisis. This sum will be used to thoroughly streamline and restructure the airline.

Preliminary estimates assume that at least 22,000 of the 138,000 jobs in the company will be cut. There will also be drastic cuts in wages and working conditions. However, the measures could be even more dramatic if the consequences of the coronavirus crisis drag on for a long time.

The trade unions have not only agreed to the package, they have even called for rallies to support it. The service union Verdi and the various sectoral unions are surpassing each other with their savings proposals at the expense of the workforce.

The Independent Flight Attendants Organization (UFO) reached an agreement with Lufthansa the day before the shareholders’ meeting, which will bring the company savings of half a billion euros by the end of 2023. Applied to the 22,000-strong cabin crew of the parent company to which the agreement applies, this means an average loss of income of €23,000 over three and a half years!

The savings will be realised by suspending wage increases, reducing working hours with a corresponding reduction in wages, reducing contributions to company pension schemes and cutting jobs. In addition, there are “voluntary” measures such as unpaid leave, further reductions in working hours and early retirement. Those affected will thus not only lose a large part of their current income but also their future pension provision.

The company’s only concession is that there will be no “compulsory redundancies” for the next four years. This hackneyed formula has been used by the unions for decades to sell drastic attacks to their members. It does not mean that jobs will be maintained, but only that redundancies will be made through natural turnover. If this proves insufficient, the company has enough means of harassment at its disposal to drive employees from the company out of disgust.

The cabin crew union UFO has conducted several strikes against Lufthansa in recent years. Now, at the stroke of a pen, it

is reversing everything achieved in the past. The UFO leadership now kneels before the company like a lapdog and is celebrating the drastic savings measures as a triumph of “social partnership.”

“UFO and Lufthansa are now proving, after years of fierce confrontation, that they can unite and act responsibly,” said UFO Chairman Daniel Flohr. “The procedures agreed upon in January will be terminated, some issues that arose in the conflict-laden past will from now on be handled jointly and without coercion”. He sees “this agreement as a sign of a regained and constructive social partnership with the UFO.”

UFO negotiator Nicoley Baublies rejoiced, “With this package and the further solutions found together, we are finally putting our social partnership visibly on a new foundation.”

Verdi and the Cockpit Pilots Association (VC) are still negotiating cuts with Lufthansa. But there is no doubt that they are prepared to make just as massive cutbacks as UFO.

Cockpit had already offered annual savings of €350 million affecting Lufthansa pilots, Germanwings, Lufthansa Cargo and Lufthansa Aviation Training at the end of April. The talk was of them forgoing 45 percent of their salary. In the meantime, the pilots’ union is negotiating a crisis package for cuts totalling €850 million by June 2022 but has not yet reached a final agreement on this.

Verdi has always served Lufthansa as its house union. Verdi deputy chair Christine Behle is also deputy chair of the Lufthansa supervisory board and has been a member of the Social Democratic Party (SPD) for 27 years. She was largely involved in negotiating the rescue package on behalf of the grand coalition of the Christian Democrats (CDU/CSU) and SPD.

Shortly before the shareholders’ meeting, Behle assured shareholders that Verdi was also prepared to make massive cuts. There was a constructive exchange on the question of what contribution employees could make to the crisis facing the company, she said. Appropriate collective bargaining solutions were being negotiated across the group, and negotiations would continue Friday, she added.

Thursday’s shareholders’ meeting had been preceded by a filthy show which served as a fig leaf for the unions.

Major shareholder Heinz Hermann Thiele had increased his

share in Lufthansa to 15 percent, threatening to blow up the agreement with the government. Since most Lufthansa shares are widely held and less than 40 per cent of shareholders had registered for the Annual General Meeting, he could have blocked the two-thirds majority required to accept the package.

Thiele was bothered by the fact that the German government was taking over a 20 percent stake in Lufthansa as part of the rescue package (for the €9 billion it could buy the group twice over) and sending two representatives to the Supervisory Board. The 79-year-old multi-billionaire, who according to Forbes is one of the 100 richest men in the world with assets of 13 billion euros, is known for his aversion to state influence in business, his rough capitalist methods and his right-wing views.

Thiele's company Knorr-Bremse, the world market leader in brakes for trains and commercial vehicles, left the employers' association in 2004 and has his employees work 42 hours a week, seven hours longer than in metalworking companies bound by collective agreements. He prefers to stash his billions in tax havens.

The billionaire may reject the entrenched institutions of social partnership and have a difficult relationship with the trade unions, but he knows very well which buttons to press so that they act in his interests. No sooner had he threatened to reject the rescue package than the trade unions began a campaign in its defence. They were now able to present it as a lesser evil against the "Sword of Damocles of bankruptcy" (UFO) and distract from the dramatic cuts they had agreed as part of the rescue package.

VC President Markus Wahl publicly appealed to all shareholders, "Register for the Annual General Meeting and approve the rescue package." Verdi also advocated acceptance of the rescue package. UFO even called for a rally during the AGM to show the shareholders present and the public that "Lufthansa employees stand by the company!"

Thiele would never dream of blowing up the €9 billion package, from which he would benefit most, especially when his shares would become worthless if the company went bankrupt. His concern was to increase the pressure and prepare further rounds of redundancies and cutbacks.

The billionaire is currently attempting to extend his influence over the aviation industry, which promises high profits again after the drastic cure that has now been decided. This is one of the reasons why he has appointed former Airbus CEO and Lufthansa Supervisory Board member Tom Enders to the Supervisory Board of Knorr-Bremse.

Earlier this week, Finance Minister Olaf Scholz (SPD) and Economics Minister Peter Altmaier (CDU) spoke to Thiele and assured him that he had nothing to fear from the German government. They want to install two representatives on the Lufthansa supervisory board but want them to be independent economic experts and not political representatives. On Wednesday, Thiele gave the all-clear. Via the *Frankfurter Allgemeine Zeitung*, he announced he would agree to the rescue

package.

The excitement over Thiele buried news that Lufthansa had decided at the beginning of the week, without prior warning, to shut down the holiday airline Sun Express, which it operates as a joint venture with Turkish Airlines. The German operation, with 20 aircraft and 1,200 employees, is to be discontinued. The announcement was hardly worth a comment by the unions, even though it shows what is in store for the other Lufthansa subsidiaries.

The events at Lufthansa clearly show the bankruptcy of the trade unions and their perspective. For decades, they have subordinated the interests of the workers to the profit interests of the corporations, within the framework of "social partnership." There are no mass dismissals and plant closures in Germany that do not bear the signature of the trade unions and their works council representatives. At Lufthansa, the unions are now going so far as to organize rallies for a "rescue package" that includes the destruction of tens of thousands of jobs and massive wage and social cuts!

Not a single job or social achievement can be defended with these organisations, nothing at all! Their generous incomes and social status mean the trade union officials, works council leaders and so-called employee representatives on the supervisory boards stand much closer to the managers and shareholders than to workers on the assembly line or at their desks. Politically, they are vehement defenders of capitalism, whose bankruptcy is becoming clearer every day with the coronavirus crisis.

The crisis in the aviation industry cannot be solved based on capitalism and on a national scale. It requires the expropriation of the companies and their transformation into democratically controlled public institutions that serve the needs of society and not shareholder profit.

Workers in the aviation industry must break with the bankrupt trade unions and build independent action committees that network internationally and across companies and organise the struggle to defend jobs and wages. The WSWS will support them in this.



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