

# German airline Lufthansa announces a further 10,000 job cuts

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For the first quarter of 2021, German airline Lufthansa recorded a loss of €1 billion and simultaneously announced the elimination of a further 10,000 jobs.

An initial announcement of 30,000 redundancies was already increased to 50,000 last year. With the job cuts now unveiled, this figure will rise to 60,000, or more than 43 percent of the 138,000 employees at the airline in 2019. According to company figures, 24,000 full-time jobs have been eliminated over the past 12 months.

Lufthansa's finance director, Remco Steenbergen, has threatened to impose compulsory redundancies. "We're preparing for layoffs," he warned at the quarterly update. The intention is to cut 10,000 full-time jobs "or make comparable savings in staffing costs." This will serve as the pretext for the trade unions to enforce further wage cuts, allegedly with the aim of saving jobs.

The trade unions active at Lufthansa, including the service employees union Verdi, the Cockpit Association (VC), and Independent Flight Attendants Organisation (UFO), offered wage concessions to Lufthansa last year totalling €1.3 billion. Cockpit agreed to cut pilots' wages by up to 50 percent. As a result, Lufthansa saved some €600 million. The UFO agreed to savings that will cut costs for the airline by half a billion euros by the end of 2023.

Then in November 2020, Verdi gave up employees' holiday and Christmas pay, as well as accepting a wage freeze and the suspension of all benefits until the end of 2021. Thus "the ground staff are shouldering cost-cutting contributions of over €200 million to overcome the crisis," stated Verdi deputy leader Christine Behele, who is also deputy chair of Lufthansa's supervisory board. On the basis of the agreement with ground staff, up to 50 percent of staffing costs for this group of employees could be saved, enthused human resources chief Michael Niggemann.

Wage concessions on such a large scale represent "a

new dimension of trade union sellouts," as the *World Socialist Web Site* commented in early December.

The airline is now reporting that operating profits declined to €4 billion, compared to €8.2 billion during the same period a year earlier. Therefore, despite a 60 percent loss of revenue compared to the same period last year, from €6.4 billion in the first quarter of 2020 to €2.6 billion this year, the losses were halved, from €2.1 billion to €1 billion.

The sellout from last year is now entering its second round. The current loss of €1 billion is to be squeezed out of the remaining workforce. The company is currently negotiating with the VC and Verdi unions on further cuts for 2022.

Lufthansa chief executive Karsten Spohr complained that Lufthansa and the Cockpit Association have stumbled in the crisis from one temporary solution to another. The crisis agreement under which pilots' salaries are reduced runs out already next March, he added.

He then explained how the cuts are to be made permanent. In December, Lufthansa calculated it had a surplus of 1,000 pilots and co-pilots, or about 20 percent of all cockpit employees. The goal of the current talks between Lufthansa and VC is to cut costs by means of compulsory part-time work. "Ultimately, five pilots will then do the job of four, everyone flies 80 percent and nobody has to leave," stated Spohr. It hardly needs to be noted that wages will also be cut by 20 percent.

VC has already declared its support for such part-time arrangements for the 5,000 pilots at Lufthansa, Lufthansa Cargo, GermanWings, and Lufthansa Aviation Training (LAT).

The situation at Lufthansa Cargo demonstrates that these job and wage cuts are not simply the result of the coronavirus pandemic. While all passenger airlines have recorded losses, Lufthansa's freight business made record profits. This is not only because passenger aircraft are

serving as freight carriers. Due to the increased demand for freight and a limited supply of providers, prices are currently high. Lufthansa Cargo earned an operating profit of €314 million.

Nonetheless, Lufthansa announced two months ago that it will lay off close to half of its freight pilots. The industry website *aero.de* reported in early February, “While Lufthansa Cargo went into the crisis year 2020 with 475 pilots, the airline plans in the future to employ just 250 freight pilots, according to sources associated with the company.”

One pilot told the website, “We’ve been flying to the limit for our Lufthansa over recent months, and now our wages will be cut from August and freight contracts increasingly outsourced to Aerologic. The atmosphere is boiling over.” Aerologic is a joint venture between DHL and Lufthansa Cargo, and does not operate with collective agreements. The wages at this cheap-labour subsidiary are therefore lower than at the parent companies.

This way of doing business will be familiar to readers of the *World Socialist Web Site*. Several airlines and air travel companies operate according to this business model. At WISAG Ground Service at Frankfurt Airport, 230 baggage handling and bus workers have been struggling for six months to defend their jobs.

In December, WISAG laid off employees who had worked for decades at the airport because they refused to switch to another subsidiary and give up all of the rights they had laboured to achieve. The billionaire Wisser family is now employing temporary contract workers on lower wages to perform the work of the experienced, laid-off workers.

While workers are being bled dry on the pretext of the coronavirus pandemic, the board of directors and shareholders are using the pandemic to gorge on billions of euros.

Early last year, the federal government handed Lufthansa a bailout programme of €9 billion. This led to a rapid rise in the company’s stock value and increased the wealth of shareholders. At the same time, it was used to finance the restructuring programme.

The fact that companies receiving state support are prohibited from paying out performance-based bonuses to managers has largely been ignored by the Lufthansa board. According to a report in *Der Spiegel*, a legal report produced by the law professor Dirk Verse in January on behalf of the supervisory board came to the conclusion that company management can make good on their claim to certain long-term performance-based benefits that were

granted prior to the state’s intervention.

At the Lufthansa supervisory board meeting on March 3, the paying of this portion of bonuses was to have been confirmed. The federal government intervened, not because they didn’t want the executives to have the bonuses, but because the payments violated European competition law and could have played into the hands of Lufthansa’s European rivals.

Lufthansa’s directors and supervisory board are now determined to end their dependence on taxpayers’ money. This would clear the way for bonus payments, and even dividend payouts to shareholders.

At the beginning of April, Lufthansa announced that at its annual shareholders’ meeting on Tuesday it will ask shareholders to vote on a capital injection of €5.5 billion in order to pay back the government bailout. According to *Spiegel Online*, the airline’s management has only used around €3 billion of the bailout funds to date, and instead sought to raise money over recent months on the private capital market. As a result, Lufthansa has already paid back a €1 billion loan from the state-controlled KfW Bank ahead of schedule.

If management is demanding a reduction in staffing costs, the trade unions subserviently rush to oblige. And when the issue is rescuing the multi-million-euro incomes of top executives, the trade union representatives on the supervisory board are only too happy to assist. They are handsomely rewarded for doing so. In 2019, the 10 so-called employee representatives on the Lufthansa supervisory board earned over €1 million for their close collaboration in drafting cost-cutting proposals and job cuts.

It is high time to break with these corrupt organisations. Jobs, wages, and social achievements can only be defended independently of the trade unions. To coordinate this fight globally, the International Committee of the Fourth International is calling for the formation of the International Workers Alliance of Rank-and-File Committees.



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