

Aviation industry laying off thousands during pandemic while seeking bailouts

By Steve Filips
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Airline executives in the US and internationally are imposing furloughs, layoffs and voluntary unpaid time-off against hundreds of thousands of workers in response to the unprecedented impact of the COVID-19 pandemic on the global airline industry.

Meanwhile, the airline industry is appealing for tens of billions of dollars in bailout money from the federal government. President Trump in a recent statement made clear that his top priority was shoring up the airline's bottom line, not making whole hundreds of thousands of impacted airline workers and tens of millions of travelers. Bragging that the airline industry had been making "record profits" before the pandemic, Trump added, "We are going to back the airlines 100 percent. It's not their fault."

Previously, a reckless, almost delirious optimism colored the thinking of airline executives. "I don't think we're ever going to lose money again," American Airlines CEO Doug Parker said in 2017. "We have an industry that's going to be profitable in good and bad times." This past December, Parker expected American, the world's largest airline with 130,000 employees, to pull down \$3 billion in profits per year going forward. Now, industry analysts are considering that American, which has a crushing \$34 billion debt burden, may likely go bankrupt for the second time in a decade.

In response to the collapse in passenger volumes as much of the world's population falls under quarantine, and as international travel restrictions eliminate many of the industry's most lucrative routes, American began flying cargo-only flights this weekend for the first time in decades. The airline has reported that it has cut 75 percent of international and 30 percent of domestic flights to date.

The International Air Transport Association trade

association estimated at the beginning of the month that the air travel industry would lose over \$113 billion in revenues for the rest of the year due to the coronavirus pandemic. It increased that forecast over the weekend to \$200 billion and it is likely to rise further.

Job cuts and layoffs are widespread throughout the aviation industry, including airplane manufacturers. GE Aviation, one of the world's largest suppliers of aircraft engines, announced on Tuesday they were laying off 10 percent of their US workforce, or 2,600 people.

Ground workers at airports, which include some of the most poorly-paid positions in the industry such as porters and baggage handlers, have been subjected to mass layoffs at major airports. Airport hospitality contractor OTG has laid off 1,200 workers at New York City's LaGuardia, Kennedy International (JFK) and Newark Liberty airports. Another 2,500 workers employed in cleaning planes, preparing in-flight meals and handling baggage have also been laid off in the New York City area. New York City has become the epicenter of the COVID-19 pandemic in the United States, with roughly half of the country's confirmed cases in New York state.

Up to a thousand workers at the Philadelphia International Airport are facing unemployment as well.

Terminal workers are lowly paid, earning as little as \$10 per hour in some cases, with few if any benefits. But they face some of the greatest risks in the pandemic due to their interaction with large numbers of travelers from all over the world. For OTG workers, this will be compounded by the loss of health insurance and severance pay by the end of the month.

Airlines in the United States are lining up at the trough for a share of the \$2 trillion bailout package for American corporations being prepared by Congress.

Industry lobby group Airlines for America, in a letter to Congress last Saturday, requested \$58 billion in funding, including \$29 billion in “payroll protection grants.” Both the House and Senate versions of the bailout bill provide for the \$58 billion sum, although there are reportedly differences in the specifics.

Holding the jobs of 750,000 airline workers for ransom, the group, representing ten major US airlines, threatened that they will be “forced to take draconian measures” unless the funds are disbursed “immediately.” However, the letter commits the airlines to avoiding furloughs and layoffs only until September 1 even if these funds are handed over.

“Over the past decade we have reinvested over 73 percent of our operating profits back into our people and product, creating good paying jobs at a rate that has outpaced other sectors,” the letter states. This is a lie. In fact, as has now widely been reported, US airlines spent 96 percent of their cash flow on share buybacks over the last decade. Meanwhile, through a series of mergers and bankruptcies, the industry has shed tens of thousands of jobs, including 167,000 “full-time equivalents” between 2001 and 2010. As of 2019 airline employment in the United States remained 106,000 jobs below 2001 levels.

Delta Airlines, with 91,000 employees, is one of the most profitable of the four major US airlines. Its largest investor is Berkshire Hathaway, the investment firm headed by Warren Buffett, the world’s fourth-richest person with a net worth of \$88.9 billion. Buffett could write a check for the entire bailout amount himself and still have \$30.9 billion left over, leaving him the 24th-richest person in the world.

Similar state interventions are being taken worldwide. The Italian government announced recently that it would halt privatization of flag carrier Alitalia, which was already facing significant troubles, and re-nationalize the weakened company as it faces bankruptcy. It is expected that the bailout will cost an estimated \$670 million. Meanwhile, the airline has asked the Italian government for permission to slash its 11,000 member workforce by 4,000 workers.

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