Discount carrier Spirit Airlines files for bankruptcy as restructuring of global airline industry accelerates

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Discount carrier Spirit Airlines filed for Chapter 11 bankruptcy in a New York City federal court Monday morning. Corporate executives, union officials and the media rushed to ensure customers and workers that the bankruptcy filing would not affect normal operations. The move, however, is the prelude to a savage cost-cutting campaign, not only at Spirit but throughout the global airline industry.

Spirit is the first major US airline to file for Chapter 11 since American Airlines in 2011. It was one of the recipients of $25 billion in federal loans from the CARES Act following the collapse of air travel in the first year of the pandemic. Like other discount airlines, it has been hit by rising fuel prices and the competition of bigger carriers that have also lowered ticket prices to gain customers.

In addition, Spirit has been forced to ground 40 Airbus A320neo jets—nearly 20 percent of the airline's entire fleet—due to cracks in their Pratt & Whitney engines. The biggest US budget airline has lost more than $2.5 billion since the beginning of 2020.

According to court filings, Spirit is seeking to reduce its $1.6 billion debt load by $795 million under its bankruptcy restructuring plan. The company's stock will be delisted from the New York Stock Exchange and its shares canceled, the *Wall Street Journal* reported, but company executives claim vendors and airline lessors would be paid on time.

It will be an entirely a different thing for the Miramar, Florida-based airline's approximately 13,000 employees. In a sign of things to come, Spirit furloughed 260 pilots and sold off aircraft in July 2023, even as it boosted the salaries of its top executives, including CEO Ted Christie who pocketed $6.6 million that year.

Airline workers went to social media to discuss the impending cuts. On a Reddit group, one said, "Rough seas ahead for those pilots over there." Another replied, "And hundreds of flight attendants too. I watch a guy on YouTube who has worked for them for 8 years and I feel terrible for him. He loves his company and if he has to start over with a new one he's going to lose significant money for a few years, as will pilots."

The bankruptcy is part of an escalating onslaught on airline employees. Alitalia, the former Italian national carrier, is preparing to fire its remaining 2,059 employees by January as it conducts merger talks with Lufthansa. The flagship German airliner, in turn, announced last week that it will lay off 400 workers, or 20 percent of its administrative workforce, and anticipates a loss of 800 million euros ($843.92 million) by next year. After sharp losses earlier this year, Lufthansa and Air France-KLM announced cost-cutting measures blamed on high labor costs following strikes at both airlines.

In addition, aircraft manufacturers Boeing and Airbus are laying off thousands of workers.

A little over half of Spirit's workers are unionized. This includes 2,326 pilots who are members of the Air Line Pilots Association (ALPA); 5,600 flight attendants, who are members of the Association of Flight Attendants-Communications Workers of America (AFA-CWA); and around 500 aircraft maintenance technicians and maintenance controllers who joined the Airline Mechanics Fraternal Association (AMFA) craft union in 2022.

Far from warning workers about the consequences of bankruptcy restructuring, the airline unions are sowing complacency and serving up their own members for the corporate axe.

In a November 18 statement from the AFA-CWA titled, "Spirit Files for Bankruptcy, But No Changes to Our Jobs Today," union officials instruct workers to report to work and state:

> We will work together to encourage a bankruptcy process that allows our airline to restructure with as little disruption as possible for us as the frontline face of Spirit." It further claims that the filing "does not change pay, benefits or working conditions for Spirit Flight Attendants as our contract remains in place" and that, "We do not expect Flight Attendant furloughs as a result of the filing due to the number of Flight Attendants on Voluntary/Extended Voluntary Time Off (VTO).

The AFA-CWA statement concludes:

> This news is difficult to take in, but we are in a much better position because of our union with legal standing in the bankruptcy and our contract. Together we can get through any challenge. Take a minute today to tell a flying partner you've got their back. We are stronger and better

> together.

The statement largely echoes the one issued by corporate management Monday. Spirit has taken a "proactive step" to "reduce our total debt, provide increased financial flexibility, position Spirit for long-term success and accelerate investments providing Guests with enhanced travel experiences and greater value." In the meantime, "Our amazing Team Members are here to offer you excellent service," it says, concluding with the bromide, "Other airlines that are operating successfully today have undertaken a similar process."

Airlines that have declared bankruptcy—including United, American, Delta, Northwest, US Airways and Air Canada in the last two decades alone—have used the bankruptcy courts to tear up labor agreements, destroy hundreds of thousands of jobs and impose poverty level wages and oppressive working conditions on workers.

Throughout this process, airline unions have functioned as loyal corporate partners, using the anti-strike Railway Labor Act to prevent collective resistance and blackmailing workers into accepting endless layoffs and concessions.

In 2022, a planned merger with Frontier Airlines, another discount carrier, was scuttled when JetBlue Airways came in with a higher bid to take over Spirit. At the time, a jurisdictional dispute erupted between the union covering 6,800 JetBlue flight attendants, the Transport Workers Union (TWU), and the AFA-CWA Spirit flight attendant union.

After signing a labor agreement with Spirit—which after years of declining real wages included a meager 10–17 percent wage increase over two years and eight months—AFA-CWA President Sara Nelson backed the merger with JetBlue. This was even though the attorneys general of several states opposed the deal on the grounds that it violated antitrust laws and would further reduce competition.

The deal was opposed by the TWU, which said JetBlue management had ignored the provisions of its contract, including new rules on scheduling flight attendants, and that it had no intention to "fully honor" union agreements in place with JetBlue and Spirit workers.

Nelson, a leading member of the Democratic Socialists of America (DSA) and an advocate of so-called "social justice unionism," wrote a letter to Attorney General Merrick B. Garland and Transportation Secretary Pete Buttigieg urging that the administration back the merger. Boasting that the AFA-CWA has had "experience with eight mergers in the past ten years," Nelson wrote:

> We agree with skeptics that consolidation has accrued extraordinary power to a few airlines. However, this merger will help to correct that. The JetBlue-Spirit merger adds competition to the airline industry that creates more power for workers, along with choice and comfort that benefits consumers. We urge regulators to work diligently to ensure the financial merger closing occurs in the near term so that Flight Attendants, other workers, and consumers can access the benefits of the merger as soon as possible.

But in January 2024, a federal court blocked the $3.8 billion takeover forcing JetBlue to drop its acquisition plans two months later. Declaring this a victory for American consumers, Attorney General Garland said Justice Department lawyers "proved in court that a merger between JetBlue and Spirit would have caused tens of millions of travelers to face higher fares and fewer choices."

Spirit responded by outlining an $80 million cost-cutting plan to cut staff, reduce flights and sell off jets starting in 2025. Investors celebrated, sending the shares up 10.3 percent.

Since the deregulation of the airline industry by the Carter administration and the Democratic-controlled Congress in 1978, followed by Reagan's firing of the PATCO air traffic controllers in 1981, the jobs, wages and pensions of airline workers have been the target of a non-stop assault.

The unleashing of "free market" competition has led to a wave of bankruptcies and mergers and acquisitions that have enriched powerful investors and corporate raiders like Carl Icahn, undermined safety, comfort and affordability for the flying public and concentrated the control of the global airline industry in the hands of a few giant airlines.

The resistance of airline workers must be coordinated across national borders through the building of the International Workers Alliance of Rank-and-File Committees (IWA-RFC) to defend the right of every worker to a good-paying and secure job.

But the securing of these social rights—and the right of the flying public to safe, comfortable and affordable transportation—is only possible if Spirit and the other privately controlled airlines are converted into public utilities, collectively owned and democratically controlled by the working class as part of the socialist restructuring of economic and social life.