

# Boeing pushes ahead with huge job cuts

Our reporter  
15 August 1998

The Boeing Company announced August 13 a series of consolidations and shifts in production which will allow it to proceed with plans to cut 28,000 jobs by the end of next year. The aircraft giant said it would eliminate even more workers in 2000.

The cuts already announced include at least 12,000 jobs being eliminated at Boeing's main commercial aircraft facilities in the Seattle, Washington area, 8,200 job cuts at other facilities, and 3,750 jobs with the phasing out of the MD-11 jetliner, built at the Long Beach, California aircraft assembly complex which Boeing acquired with its purchase of McDonnell Douglas in 1997.

Last month Boeing shocked Wall Street by announcing that second-quarter profits were down 46 percent from the previous year. The company said it lost \$261 million building commercial aircraft in the first six months of the year, after posting an overall loss in 1997 for the first time in its history. The value of Boeing stock has fallen by one third over the past year.

Boeing, the sole US manufacturer of commercial aircraft, has been hit hard by the Asian financial crisis, which forced several airlines to cut back purchases, especially of the new 777 jet which was developed especially for the Asian market.

The company has also lost ground against its principal competitor Europe's Airbus Industrie, which now splits the world market 50-50, according to some estimates. Recently US Airways, the fifth largest US carrier, shifted its purchases of narrow-body jetliners from the Boeing 767 to the Airbus 330, a contract worth \$4 billion.

'We are strategically aligning our operations in response to global business realities,' Boeing's chairman and chief executive, Phil Condit, said in a statement. 'We are reducing costs.'

The moves include concentrating all military aircraft production in St. Louis, home to the jet fighter plant

formerly operated by McDonnell-Douglas, and centralizing all space operations in Los Angeles and the Washington DC area and all information and communications systems in southern California.

The biggest single shift in operations will be the move of some 737 assembly work to the former McDonnell Douglas Long Beach plant, from Boeing's main assembly plant in Renton, Washington. The jets built in Long Beach will be special business and military orders, while standard commercial airline production will remain concentrated in Renton.

This required agreement by the International Association of Machinists, the union for production workers in the Seattle area. The IAM agreed not to oppose either the transfer of work to Long Beach or the layoff of thousands of temporary and contract workers hired by Boeing recently in Seattle, in return for a promise by the company not to lay off union members in Seattle.

The president of the Machinists local in Seattle, Bill Johnson, called the agreement on job transfers, 'a step into the future. There are a lot of issues that when we sit down and work together, everybody can win.'

The IAM had initially opposed the transfer of work to Long Beach because the jobs would be going to former McDonnell Douglas workers who are members of the UAW. The IAM and the UAW, along with the Steelworkers, are scheduled to merge by the year 2000.

See Also:

*Asian crisis hits US economy*

Signs of recession in high tech, agriculture

[14 August 1998]



To contact the WSWWS and the  
Socialist Equality Party visit:

**[wsws.org/contact](http://wsws.org/contact)**