Boeing imposes last wage offer on striking engineers

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In an effort to weaken the month-long strike by more than 17,000 engineers and technical workers, Boeing Corp. announced that it was moving to impose the terms of its last contract offer and would grant pay raises to workers who cross the picket line and return to the job. The action is the latest signal that Boeing is determined not to back down in the strike by members of the Society of Professional Engineering Employees in Aerospace (SPEEA).

On the picket lines in Washington state and elsewhere many strikers dismissed the announcement, noting that they have already rejected the same raises three times in their contract dispute with the company. At the company's largest facility in Seattle, Jeremy Askegard, a manufacturing engineer, said, “I can't believe they think people will fall for that.” He added that the company's action was aimed at pressuring financially pinched workers to return.

The pay raises would apply to the estimated 25 percent of 21,000 SPEEA workers who aren't on strike and to anyone who crosses the picket line. Technicians will get a 2 percent raise, with an additional 3.5 percent salary pool available for raises based on productivity increases. Engineers aren't guaranteed any pay increases, and would only qualify for merit raises from a 6 percent salary pool.

Alan Mulally, president of Boeing's commercial airplane group, said the action was the company's attempt to break its impasse with the union. “I think everybody wants to move forward. I hope they choose to work with us. I can't wait for them to come back.”

Mullaly said the strike had caused Boeing to miss delivering 15 airplanes in February. It also has slowed work on the Joint Strike Fighter program, a huge Pentagon contract for which Boeing is competing against Lockheed Martin. The union claims that the strike's impact has gone even further, saying that production work has virtually stopped because there are not enough engineers to sign off on parts and design changes.

On March 1 Boeing declared an impasse in the strike. Boeing's decision followed a breakdown in talks on February 26 after which federal mediator Richard Barnes departed Seattle declaring the two sides were too far apart. At those talks the company reintroduced its proposal to saddle technical workers with part of the cost of medical premiums. An earlier proposal at the end of last year was defeated by a 98 percent margin by union members. The company toyed with pressing the issue with its largest union, the International Association of Machinists, during contract talks last fall, but backed off.

The medical proposal called for the implementation of a plan to charge 5 percent premiums starting next year and 10 percent a year later. SPEEA rejected the proposal and declined to bring it to the rank and file for a vote. The company tried to leap on this refusal to submit its latest offer for a vote, claiming it would get a favorable response from strikers. But pickets were adamant about the issue. “If they had put this up for a vote, we would have fired them [SPEEA leaders],” said one striker.

“If we let costs for medical go unchanged, that basically eradicates our competitive margins,” declared Jerry Calhoun, Boeing's vice president for employee and union relations, referring to its European competitor, Airbus Industrie. “These kind of things are the kinds of things that could kill this company.”

Boeing has also indicated that US government officials have informed the company that its benefit costs are higher than other US aerospace companies.

However SPEEA Executive Director Charles

Bofferding pointed out, “If you compare the medical premiums to the guaranteed salary increases offered by the company, the employees would realize a net loss.” While the SPEEA leadership rejected the company's proposal, it has indicated that it wants to find a way around the issue. “There are better ways than premiums,” said Bofferding.

The declaration of an impasse allows Boeing to impose part or all of its recent contract. Any pay increases would immediately go to the small number of tech workers still on the job. But it is widely understood that a unilateral implementation of the contract and its benefit package will only increase bitterness on the part of union members.

Despite the fact that strikers have received their last paycheck and do not receive strike pay, spirits are still high. There was much speculation that in the event of a strike many engineers and technical workers might take their skills and go to another company. But as of this point only 56 workers have resigned from the company for other jobs.

In fact, the ranks of strikers continues to grow. The last four electrical engineers assigned to work on a defense satellite at Cape Canaveral, Florida walk off the job. All electrical engineers there are now on the picket line.

Strikers are also receiving support from Seattle-area workers. Teamsters drivers continue to refuse to cross picket lines. And the King County Labor Council has raised $160,000 for a strike fund.

The AFL-CIO has taken an interest in the Boeing strike, but not from the standpoint of encouraging action on behalf of the strikers by its affiliate, the International Association of Machinists (IAM). On the contrary, the IAM, which is the largest union at Boeing, has instructed its members to work during the strike by SPEEA, which is also affiliated to the AFL-CIO.

The John Sweeney leadership of the AFL-CIO is concerned that the Boeing strike, the largest white-collar strike in US history, may portend future struggles by high-tech workers. The AFL-CIO leadership hopes to bolster its declining membership rolls and dues income by bringing these new sections of workers into its ranks, and at the same time by offering its services to management to cut labor costs and prevent future strikes.

With little prospect of a settlement, Boeing is considering moving some of its production to operations in Long Beach, California, site of the former McDonnell Douglas plant where it now assembles the 717. Other work might be moved to St. Louis where the company has its fighter jet assembly operations. But it is still not clear that it can assemble the technical workforce that is required to produce the 737, 757, 747, 767 and 777 widebodies.

Meanwhile, on March 3, 28 former or current women employees of Boeing sued the company for gender discrimination, charging they were denied equal pay and advancement opportunities. The suit seeks class action status that could embrace as many as 30,000 employees nationwide. Last year Boeing paid $15 million to settle two class-action lawsuits that claimed the company discriminated against black employees. Last November the Labor Department had to step in and compel the company to pay $4.5 million in back pay after claims emerged that some women and minorities were underpaid.

With talks for SPEEA workers in Washington state and other parts of the country on hold, the company has accepted an offer to resume bargaining with the SPEEA unit representing engineers at the company's Wichita, Kansas plant. This unit has traditionally negotiated a separate agreement from SPEEA's larger body. It did not go out on strike on February 9, but has continued to work under the old contract.