

Strike of machinists at Boeing continues

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A strike of 27,000 machinists at Boeing completed its fourth day on Tuesday. The strike has shut down the company's plants in the states of Washington, Oregon, and Kansas, halting production of the company's 737, 747, 767, and 777 airplanes.

The strike began on Saturday morning after the International Association of Machinists and Aerospace Workers (IAM) rejected the company's latest offer. The strike was called only after the union agreed to a two-day negotiation extension requested by federal mediators and the governor of Washington.

The extension was greeted with boos and catcalls when it was announced by union leaders, signifying both the anger of workers and the willingness of the union bureaucracy to reach a deal with the company. Boeing workers voted overwhelmingly to reject the contract and approve a walkout.

Boeing workers are extremely hostile to the company's final proposal, which includes a cut in real wages along with increases in health insurance co-pays and cuts in other benefits.

Most of the Boeing workers are concentrated in Seattle, Washington, where inflation has increased sharply in recent years, even more than the national average. According to official government figures, inflation in Seattle was 4.6 percent in 2007, due in part to soaring food and fuel costs. Costs for health care and other basic necessities have also increased rapidly.

Prices have continued to rise sharply this year. Thus far in 2008, the Consumer Price Index for urban consumers (CPI-U) rose at an annual rate of 6.2 percent, up from 4.1 percent in 2007.

Boeing is offering a meager 11 percent pay increase over three years, which means that workers will be forced to accept a substantial wage cut after inflation. The counterproposal by IAM, however, is barely an improvement over the company's offer. The union is asking for a 13 percent increase over three years, which

would still represent a cut in real wages.

Boeing is a very profitable company, pulling in \$8.86 billion in net income from 2005 through 2007. It has over \$10 billion in cash and marketable securities on hand, and has a backlog of orders lasting several years, including lucrative government contracts.

Boeing workers are also seeking to oppose further job cuts. Over the past decade, the number of workers at Boeing has been cut by more than half, from 60,000 to the current level of 27,000. The company has outsourced significant parts of its production process to lower-wage plants, reserving the main Boeing plants primarily for plane assembly. Boeing was able to secure greater flexibility in outsourcing in a 2002 contract signed by the IAM.

The outsourcing of jobs may allow Boeing to weather a longer strike. A report on MarketWatch.com noted, "One analyst on Tuesday said outsourcing is why the aircraft manufacturer may rebound quickly after the strike ends. As machinists walk, suppliers are progressing in parts and subassemblies, enabling Boeing to be closer to completion on new aircraft than in previous strikes once production re-starts, said Bernstein Research in a note to investors. As long as the strike remains under 60 days, Bernstein expects full recovery from lost production within six to nine months."

The strike at Boeing is a reflection of growing economic difficulties facing workers throughout the country and is a sign of mounting social tensions. Wall Street analysts are worried that the strike could last for weeks or months.

Howard Wheeldon, a senior strategist at BGC Brokers, said, "My big worry is that historically Boeing strikes tend to be protracted." He added, "It is serious. This isn't just a dispute between the workforce and Boeing, but between the workforce and its own union. I am concerned it will get worse before it gets better."

Wheeldon's comments point to the objective conflict of interests between Boeing workers and the union bureaucracy. While the workers are fighting for wages and job security, the union is primarily concerned about the maintenance of its own dues base. The union leaders will seek a deal with the company that ensures its own interests in exchange for further concessions from the workers.

During the final days before the strike, the union was engaged in behind-the-scenes negotiations with management at a resort in Florida to try to iron out a deal on the question of union jobs, which has been a particular concern of the IAM local overseeing Boeing workers.

According to an article in the *Wall Street Journal* on Monday, IAM President Tom Buffenbarger sided with local IAM officials on the question of outsourcing. "It's time for Boeing to listen to us on this," he told the *Journal* in an interview, noting that he had personally called Boeing CEO Jim McNerney to urge him to make greater assurances that union jobs would not be further undercut.

The interview with the *Journal* underscored the close relationship between the union president and the company CEO. "Jim ran General Electric's engine business, where the machinists have a great partnership with the company, so he knows how to do it," Buffenbarger said.

At the same time, Buffenbarger made clear that the union was willing to bend over backwards to get a deal, even if it involves further job cuts. "The union just wants to be able to have a shot at making the case that our workers can do those jobs competitively before Boeing ships them out," he told the *Journal*. In other words, the union wants to be in a position where it can pit its workers against lower-wage workers at other companies.

In his first interview since the beginning of the strike, Tom Wroblewski, president of IAM Local 751, emphasized the question of "head count." He told the *Seattle Post-Intelligencer*, "Asking that we maintain our membership, our head count, at today's level for three years, that would be job security." He held the door open for a rapid agreement, however, saying, "In negotiations you can come together and make a settlement pretty darn quick."

Workers will only receive \$150 a week strike pay,

beginning September 27, three weeks after the beginning of the strike. The IAM is part of the AFL-CIO union federation, which controls billions of dollars in assets and regularly spends hundreds of millions in election campaigns. Union spokeswoman Connie Kelliher acknowledged that the strike pay would barely cover grocery expenses, noting that workers would have to dip into savings or seek other jobs.

The WSWS spoke to workers at the Boeing plant in the Portland suburb of Gresham, Oregon, where 1,300 workers are on strike.

John, who has been working at Boeing for 33 years, said that the main issue for him is "pension, medical and retirement. Under the old contract, if you retire early, you would have medical benefits until you were 65. The new contract they are offering us would do away with that. Quite a few people are close to retirement."

"A lot of people feel the need to work overtime in order to make money," John added. Asked if workers are working harder, he said, "No, but the frustration is higher. We have to make a whole lot of parts now. New production methods, new design, new processes have been put in place in how the product is moved, lean manufacturing is used." "Instead of returning concessions they are trying to get more concessions," John said. "In 1978 my medical was completely taken care of. Now health costs have gone up so high that I have to take cash out of my pocket for my co-pay. Each contract has gotten worse. Any hospital visit now is \$250 out of pocket." Randy, another Boeing worker, said, "My own personal frustration is that they are trying to defeat the middle class. We made some concessions that gave up what our fathers and forefathers fought for. We made cutbacks on various medical rights. Corporations and their money are not addressing the rise in health care but want the employees to pay for it."



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