

Talks collapse in Boeing strike

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Federal mediators halted recently resumed negotiations between Boeing and the machinists' union last Monday, after discussions on job security broke down. Mark Blondin, lead aerospace coordinator for the International Association of Machinists and Aerospace workers (IAM), said that the talks never even got to a discussion of economic issues.

Over 27,000 machinists in Washington, Oregon and Kansas are completing the sixth week of their strike in which they have sought to halt the outsourcing of their jobs, prevent the imposition of higher costs for health care, and improve their pension fund and wages. This is the first back-to-back strike by machinists in Boeing's history. The aircraft workers struck for 28 days in 2005.

The two sides announced the resumption of negotiations last Wednesday after an earlier informal meeting with federal mediators. Talks resumed Sunday, but the basis for this new round of negotiations was unclear. For its part, Boeing indicated no flexibility in its demands.

Boeing's Vice President of Human Resources Doug Kight responded to the collapse of the talks: "[W]e cannot sacrifice our ability to continuously improve productivity and our long-term competitiveness for an agreement." He cited the financial crisis as a major consideration. "Given current economic conditions, it is now more important than ever that we retain the ability to respond to a dynamic, uncertain environment," he declared.

Boeing CEO James McNerney, in a recent letter issued to employees, insisted that any restriction on contract labor could lead the company to resemble Ford or GM. The auto giants, he declared, "all but fatally wounded themselves years ago by promising unsustainable wage and benefit levels and by agreeing to contract conditions (including job guarantees) that limited their flexibility to run their businesses in the face of intense global competition. Today, their market

shares continue to fall, and their layoffs have grown by the thousands."

The IAM is seeking to reverse concessions it granted in the 2002 contract which allow Boeing to use outside vendors-in place of union machinists-to deliver parts directly to the assembly line. In the present negotiations, Boeing is apparently seeking to expand this practice. IAM District 751 president Tom Wroblewski stated, "The union currently has 2,000 members involved in material delivery, inventory, distribution of parts, materials, equipment, etc. It has become apparent that the long-term strategy of the Boeing Company is to eliminate these IAM positions."

However, the IAM is not seeking to eliminate Boeing's ability to use vendors, but only to expand the unions' right to compete for these jobs. It wishes to return to pre-2002 contract arrangements which allow the union to bid on most of the work that Boeing proposed to outsource. As District 751's website states: "The Union currently has the ability to compete for a very narrow scope of outsourced work, and we seek to broaden that scope."

The union, in other words, is seeking to preserve its privileges by working with company executives to drive down wages and undermine conditions, thereby allowing dues-paying IAM members to be "competitive" with contract labor.

Boeing was able to deliver 10 airplanes in September, but only because they had been close to completion before the strike began. About 30 deliveries have been missed since the strike. The cost of the strike to Boeing has been estimated at between \$100 million and \$120 million a day. Since reaching a high of \$107.83 per share last year, Boeing's stock value has plunged, at one point hitting \$40, their lowest price since March 2004. Shares closed on Monday at \$41.80.

An analyst with Goldman Sachs predicted that the impact of the financial crisis will force Boeing to

drastically cut deliveries in 2010. "We believe that the inability to obtain financing will cause customers to defer or cancel orders," Richard Safran wrote in a letter to clients. "As a result, we believe [Boeing] will lower production rates."

Meanwhile, about 1,000 machinists in Nashville are continuing their strike against Vought Aircraft Industries Inc. The company has proposed dropping its defined pension plan in place of a 410(k) plan, an inferior insurance benefits package, and a mere \$1.75 wage increase over three years.

Texan-based Vought is a major supplier of fuselage parts for the airplane industry and a sub-contractor to Boeing for its newest plane, the 787. The workers, who have been on strike since September 28, voted by a 94 percent margin to reject the company's proposal.

Vought has responded by assigning its 200 salaried employees to the assembly line and plans to bring in strikebreakers, which it refers to as "contractor labor". No doubt Boeing is closely following these developments.

Aircraft inspector Chris Hager told the *Tennessean*, "It just seems like we are going backwards rather than forward, all we want is a fair shake."



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