

# Boeing to freeze US salaried workers' pensions

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Boeing announced March 6 that it plans to freeze defined-benefit plans for 68,000 non-union employees. Effective January 1, 2016 the airplane manufacturing giant will shift its salaried workers, including managers and executives, to a defined-contribution, or 401(k), pension plan. Boeing ended its traditional pension plan for newly hired non-union employees in 2009.

Senior vice president of Human Resources and Administration Tony Parasida said that Boeing's objective in ending defined benefits plan is to assure "our competitiveness by curbing the unsustainable growth of our long-term pension liability."

Boeing's stock rose 0.1 percent Thursday, to \$129.89. *The Street* noted that, "Powered by its strong earnings growth of 25.78% and other important driving factors, [Boeng] stock has surged by 66.18% over the past year, outperforming the rise in the S&P 500 Index during the same period."

The January 2013 *Puget Sound Business Journal* quoted analyst Peter Arment of Sterne Agee as saying, "[T]he analysts' consensus per-share performance for Boeing in 2013—\$5 a share—would be \$2 higher were it not for pension obligations."

Boeing posted record revenue for 2013, and net earnings increased 18 percent over 2012 to \$4.585 billion. As of January of this year, Boeing had a backlog of 5,070 commercial airplane orders. According to *Forbes*, increased production rates along with growth in the commercial airplane segment "has been the primary driver of growth...where both revenues and earnings have grown in double digits annually" over the last three to four years.

Boeing joins a long list of corporations that have ruthlessly attacked defined-benefit pension plans as well as health care, viewing them as unacceptable burdens on their profit margins. Since the 1980s, when

60 percent of workers had defined-benefit pensions, US corporations have moved to defined-contribution plans, and now 69 percent of workers have inferior 401(k)-type pensions. The burden of providing a livable retirement has been shifted to the employee, subject to the vicissitudes of the stock market.

Boeing CEO James McNerney's pension, valued at only \$300,000 in 2012, will also be frozen. However his supplemental executive retirement benefit was worth \$8.46 million, which, along with an employment-agreement pension granted by Boeing worth over \$34 million, will provide him with over \$270,000 *per month*. McNerney is a member of the Business Roundtable, which has called for the retirement age to be raised to 70.

Boeing's move to strip its white-collar employees of their defined-benefit pension plan comes two months after it had, with the assistance of the International Association of Machinists (IAM), forced 33,000 machinists to give up their company-paid pensions by threatening to move production of the newest version of the Boeing 777 aircraft out of Washington State.

In a vote last November, machinists courageously defied a gang-up of Boeing, corporate-backed politicians, the media and the International Association of Machinists, and overwhelmingly rejected an eight-year contract extension that would have, in addition to sacrificing pensions, limited pay raises to one percent every other year, and dramatically increased out-of-pocket health care costs while giving Boeing the right to reduce benefits.

After forcing a revote at the beginning of the year—at a time when the company was shut down and many workers were out of town for the holidays—the IAM International claimed that the agreement had passed by 51 percent to 49 percent, a margin of only 600 votes

out of 24,000 ballots cast. Despite charges of vote-rigging and demands for a recount by workers, the union proceeded to impose the contract. Currently, nearly 50 complaints have been lodged with the National Labor Relations Board of irregularities in that vote.

The local leadership in IAM District 751, reversing its initial support for the contract extension in the face of the huge opposition by the rank-and-file, called for a no vote in the second go-around. However, it refused to advance any strategy to counter Boeing's threats—amplified by the IAM and the media—to move production and eliminate an estimated 20,000 jobs. Moreover it quietly accepted the decision of the International to impose a revote as legitimate.

Last month Boeing machinists in St. Louis voted to accept a similar concessions contract that would be binding through 2022. After that vote, the only major group of Boeing union workers with company-funded pensions are the engineers and technicians organized in the Society of Professional Engineering Employees in Aerospace (SPEEA). But even here, those pensions are available only to employees hired prior to the latest contract that took effect at the beginning of 2013. Newly-hired engineers and technicians only receive Boeing's 401(k) plan.

SPEEA executive director Ray Goforth said in a recent interview with the *Seattle Times* on the future of company-paid pensions that “the handwriting is on the wall.” In February of last year he described the replacement of a defined benefit retirement (pension) plan by an “enhanced 401(k)” as a 41 percent cut. Commenting on the 2016 contract negotiations, Goforth said, “it’ll be up to the members to decide how hard they are willing to fight to keep it, if it’s even strategically possible.”

The readiness of these workers to fight against Boeing's demands was fully in evidence during the last contract negotiations in 2012: both the engineers and technicians voted by 98 percent against the contract and to approve strike action; frustrated with the pace of contract talks, a group of workers called for wildcat action and multiple postings on SPEEA's Facebook page denounced the union's unwillingness to take on Boeing.

However, SPEEA sought at every point—working from the same handbook as the IAM—to squash any

resistance to Boeing. After technicians rejected the proposed contract in a second vote, at the same time that the engineers accepted it, SPEEA organized yet another revote, this time withdrawing its previous recommendation to reject the contract. In a March 1, 2013 letter, SPEEA's bargaining team declared, “We have extracted everything we could from the employer without a strike and we do not take the responsibility of calling a strike lightly.” The aim of pseudo-left forces such as International Socialist Organization is to champion the authority of the union over the rank and file. Unable to defend the open treachery of IAM International president Tom Buffenbarger, they instead support his long-time fellow bureaucrat Jay Cronk as a “reform” candidate to replace Buffenbarger in upcoming elections. A 14-year member of the IAM executive board and head of the transportation department, Cronk has imposed multiple concessions contracts on airline and commuter rail workers. Cronk has also collaborated in the suppression of transportation strikes with his participation in several Presidential Emergency Boards.

Boeing workers cannot depend on any section of the IAM as sympathetic to their struggle. The building of an independent movement in opposition to the union is necessary. Such a movement has to take up the organization of an industrial and political struggle against the entire economic and political system—capitalism, which is determined to plunge workers back into the conditions of the 1930s.



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