

UAW imposes concessions on Pennsylvania Boeing workers

Angelo Bosworth
21 October 2014

United Auto Workers (UAW) Local 1069 at the Rotocraft Systems division in Ridley Park, Pennsylvania, representing 1,789 workers, ratified a concession-laden eight-year contract with Boeing on Sunday, Oct 19. The union web site reported a 90 percent yes vote, with more than one-quarter of the membership not voting.

UAW local president Chris Owens called the ratification of the sellout “the proudest moment of my career.” Boeing, meanwhile, hailed the contract as critical for the viability of the site, which builds helicopters for the US military, and thanked the UAW leadership for its role.

The deal follows similar concessions pacts worked out by the UAW, the International Association of Machinists and the Society of Professional Engineering Employees in Aerospace at Boeing facilities in Seattle and other cities. The contract eliminates the defined benefit pension plan from Jan 1, 2017, to be replaced by an underfunded 401(k), where workers’ benefits will be solely determined by the vagaries of the stock market.

Workers not already at the maximum wage rate will receive substandard annual pay increases that do not keep pace with inflation of 3 percent or 2 percent for the next eight years. Those at the maximum wage rate will share in these increases only every other year, receiving an unspecified wage increase not to exceed 4 percent for the rest of the years.

Union members also will begin paying 12 percent for health care benefits in 2016, which will increase to 14 percent in 2019.

The company will contribute decreasing amounts to the 401(k) as a percentage of employee compensation each year for the next four years—9 percent in 2017, 8 percent in 2018, 7 percent in 2019 and a mere 4 percent

for the next three years. It will also match 75 percent of the first 8 percent an employee pays towards the 401(k).

Meanwhile, executives at Boeing participate in a supplemental executive retirement plan, which at the end of fiscal 2012 held an estimated pension value of \$8.46 million for CEO James McNerney alone. There is another supplemental retirement plan for McNerney that was valued at \$34.15 million. If McNerney retires today, he will be paid a quarter of a million dollars per month.

McNerney is an executive member of the Business Roundtable, which aggressively lobbies for a host of reactionary policies such as raising the eligibility age for Social Security, eliminating pensions, broadening tax cuts for the wealthy and dismantling public education.

The workers were first presented the details of the contract on Sunday morning as they came in to vote. Without releasing any details, the union told workers that the contract contains “many pluses for the membership of Local 1069 and their families for years to come.”

The previous contract expired on October 11, and the union forced its membership to work without a contract for a week, while behind closed doors union officials met with Boeing management to coordinate the attack on workers. Shortly afterwards, Chris Owens said that “significant progress” had been made in negotiations.

Some details of what Owens was referring to were made available on a company web site that stated, “In light of the current business climate, it’s imperative that the company ensures its offer to represented employees is/will be consistent with today’s market.... This includes looking at the total compensation package: wages (including overtime and zoom),

healthcare and pension obligations. We must adapt to the current environment and we must offer competitive rates to our customers to ensure the long-term stability of the Ridley Park site.”

The message from Boeing was clear: the company plans to attack workers on all fronts—compensation, pension, overtime and health care provisions. Meanwhile, terrified that details of the attack had been made available to the workers too openly, Owens lamented that “We continue to negotiate in good faith with Boeing. I’m not sure why they feel they need to negotiate on the Internet and directly with the Local 1069 membership.”

For his part, Owens planned to call a snap vote, to rush through ratification of the agreement before workers could examine the details and organize opposition.

In a blatant attempt to bribe workers, the deal includes a \$10,000 signing bonus. Pointing to a likely workforce reduction, the contract also offers to buy out workers who quit voluntarily within six months by offering them up to 26 weeks of severance pay, 1 week for each year of service.

While Boeing claims massive concessions are necessary, in reality the “business climate” has been very good for the company. Its core earnings per share increased 29 percent for 2013, with revenue rising to \$23.8 billion. Last year, the company spent \$2.8 billion in share re-purchases, a practice that inflates share prices, while reducing the productive capital. The company’s capital expenditure for the year was only \$2.1 billion, lower than what was used to buy back shares.

In 2013, Boeing won two orders, at a combined value of \$10 billion, from the US government for its Chinook helicopters and the V-22 Osprey, both manufactured at the Ridley plant. At the time, Leanne Caret of Boeing’s aircraft military division reported significant savings on the Chinook production line by the use of robotics and “lean production methods”—a euphemism for speed-up, resulting in job losses. The assembly time for an aircraft had been reduced to 40 minutes from nearly a whole shift.

These measures meant that, in May, 43 contract engineer positions were eliminated and 53 staff engineers given 60-day notices. Prior to this, 4 employees were laid off with another 100 leaving

voluntarily. Throughout all this, the UAW accepted the company’s position that there was an excess of engineers and did not lift a finger to organize any form of opposition.



To contact the WSWs and the Socialist Equality Party visit:

wsws.org/contact