

Boeing announces 7,000 additional layoffs

Steve Filips**17 November 2020**

Boeing, the giant US commercial and military aviation manufacturer, has announced 7,000 layoffs, bringing its total to 30,000 for the year. The company cited the impact of the coronavirus pandemic on the airline industry as the underlying cause, and also announced that there were no orders forthcoming for the entire month of October, the second consecutive month where this occurred. Boeing intends to make these cuts despite receiving \$17 billion in federal bailout money earlier in the year.

Additionally, 37 orders of the 737 MAX, the airliner whose serious technological defects were covered up by the company, and led to two separate crashes and 346 deaths, have been taken off the books.

The collapse in new orders is driven by the crippling of the airline industry by the coronavirus pandemic, with the amount of passengers declining 65 percent. This in turn has led to a wave of route consolidations and closures. According to OAG Aviation Worldwide, the airline industry reduced 47,756 air routes operating in January to 33,416 in November, a 30 percent decline.

In March, while haggling with Congress for a share of the trillion-dollar corporate bailout under the CARES Act, the airline industry held workers' jobs for ransom, threatening tens of thousands of job cuts unless the federal government intervened. In the end, the airline industry promised only to delay any layoffs until September 30. The industry group Airlines for America announced that US carriers have shed 90,000 of the 460,000 industry jobs since March, a 20 percent reduction. Southwest Airlines is also threatening layoffs for the first time in its history unless workers accept 10 percent wage cuts.

Indicating the worsening position of the airline industry, 25 of the 37 canceled orders for the 737 MAX were dropped by Boeing because of the financial weakness of the purchasers.

Southwest Airlines traditionally uses variants of

Boeing's 737 aircraft and was the largest customer for the 737 MAX. It was forced to cancel thousands of flights after the 737 MAX was grounded, and as a result Southwest is considering purchasing A220 aircraft from Airbus, Boeing's European rival. Boeing, the largest US exporter, and Airbus are at the center of trade war measures between the US and Europe. In retaliation for increased US tariffs, the EU last week slapped 15 percent tariffs on US aircraft.

However, Airbus, as with all major manufacturing companies, maintains operations all over the world, including the United States. In 2015 it opened a plant in Mobile, Alabama with the capacity to produce 40 to 50 A220 and A320 aircraft per year.

In attempt to cut labor costs, Boeing has announced plans to shift all production of its new 787 Dreamliner from Everett, Washington to North Charleston, South Carolina.

The International Association of Machinists, which has 35,000 members at Boeing, has done nothing to mount a defense of jobs at the Everett facility, calling on workers instead to wait until 2024 when the contract is up for renegotiation. In 2014, under the bogus pretext of "job security," the IAM forced through a vote on a concessions-laden contract, which had eliminated pensions for new hires, after it was initially rejected by the membership.

Mass layoffs are also taking place at other aviation companies. Raytheon Technologies, which is the product of the April merger between Raytheon and United Technologies, announced last month it is cutting its workforce by 15,000, blaming the dramatic downturn in commercial passenger airline demand.

The company has also announced that it is moving all production from Connecticut to Asheville, North Carolina, where the company expects significantly cheaper labor costs.

GE Aviation announced in May it would eliminate up

to 13,000 jobs, a quarter of its workforce. Of this total, 10,000 cuts are taking place at two locations, Cincinnati and Dayton. David Joyce, the head of GE Aviation, said of the layoffs: “[The] comprehensive strategy we are developing for resizing the business is consistent with the forecast of our commercial market.”



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