

# The crisis at Boeing and the case for nationalization

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Aerospace giant Boeing is facing a cash shortfall, according to a May 23 article in the *Wall Street Journal*. The corporation suffered a loss of \$4 billion in the first quarter of 2024 and faces a net loss for the year as a whole, according to Chief Financial Officer Brian West.

Boeing shares fell more than seven percent the day of the announcement and have fallen more than 30 percent since the beginning of the year, dropping to lows not seen since October of last year. As a result, the company has lost more than \$50 billion of its market capitalization.

It is not yet clear what the full ramifications will be, both for the company and the national and world economy. Boeing is a major US exporter and a critical part of the US war machine. Its decline reverberates internationally. While the military component of Boeing's business, the result of its merger with McDonnell Douglas in 1997, would no doubt be bailed out by the Pentagon, the future of Boeing's commercial airliners is in question.

The proximate cause of the corporation's financial woes is the slowdown in production of Boeing planes as a result of ongoing safety issues at the company. Boeing only delivered an average of 22 737 MAX jetliners per month in the first three months of the year, far short of its promise to deliver a monthly average of 38 of the planes.

The slowed production is the consequence of ongoing safety and quality issues, starting with a mid-flight door blowout on a 737 Max 9 on January 5. Fifty people were injured, some severely, and dozens of safety mishaps and failures have been reported since then.

The problems range from landing gears or wing panels falling off during takeoff or in flight to a recent fire on a Boeing 737-300 that forced the takeoff to be aborted and injured 10 people.

The number of problems across Boeing's fleet was highlighted Friday when the company released its annual safety report. Among the issues raised is a six-fold increase in the number of concerns reported by Boeing employees since the January 5 door blowout.

The *Journal* also reported parts shortages faced by the

airplane manufacturer and new disclosures showing that some of Boeing's employees skipped and falsified inspections on new 787 Dreamliners.

Since January 5, the company has been under intense scrutiny concerning production practices that allowed such a catastrophic failure to take place. It turned out that the door panel on the Alaska Air jet that blew off as the plane was climbing, very nearly causing the loss of the plane and its 177 passengers and crew, had never been properly fastened with bolts. The Federal Aviation Administration has opened investigations into Boeing's facilities, while aviation regulators around the world have opened their own investigations into issues that have occurred overseas.

There has also been testimony before the US Congress by Boeing whistleblowers on the safety, or lack thereof, of Boeing planes. Sam Salehpour, a quality manager of 40 years, warned that the Boeing 777 "Triple Seven" and 787 Dreamliner aircraft were "defective airplanes" with problems in production that are "a matter of life and death."

The US Department of Justice has opened a case as to whether Boeing has violated the terms of a \$2.5 billion settlement agreement reached in 2021. The settlement with the US government came after separate 737 MAX 8 crashes in October 2018 and March 2019 that killed a total of 346 men, women and children. The settlement came with the stipulation that Boeing would no longer defraud the flying public about the safety of its planes.

Federal prosecutors wrote earlier this month that Boeing "breached its obligations" in the 2021 settlement, as shown by the numerous issues that have come to light, and the company is liable for criminal prosecution.

Perhaps the most damning case against Boeing, however, is what has not emerged in public because two whistleblowers died suddenly in recent months. On March 9, John "Mitch" Barnett was found dead in a rental car in his hotel parking lot. The Charleston (South Carolina) County Coroner's Office ruled that the death was the result of a "self-inflicted gunshot wound."

Barnett was scheduled to appear for the third day of

deposition testimony in a civil suit against Boeing's retaliation for his warnings about a variety of safety and quality issues at Boeing's 787 plant in Charleston. Barnett had been outspoken about Boeing's unsafe practices since he was let go in 2017 by the company, where he had worked for nearly three decades.

A family friend quoted Barnett as telling her, "If anything happens to me, it's not suicide."

Two months later, another whistleblower, Joshua Dean, suddenly died after having made public statements about "serious and gross misconduct by senior quality management of the 737 production line." Dean found improperly made aircraft fuselages at Boeing supplier SpiritAerosystems and alleged that he was fired from Boeing for reporting the problems.

In an interview with National Public Radio (NPR) in February, Dean said he was fired as a warning to other whistleblowers that "If you are too loud, we will silence you."

The deepening crisis of aerospace giant Boeing is a concentrated expression of the crisis of American capitalism as a whole. The guiding principles of airplane manufacture are not safety and the protection of human lives, but efficiency and profit for the benefit of the company's major stockholders and creditors.

An article in the *Seattle Times* revealed that from 2014 to 2018, "Boeing diverted 92 percent of operating cash flow to dividends and share buybacks to benefit investors."

In other words, while it was developing the deadly MAX 8, and while its own engineers were warning that the plane had exhibited "egregious" errors during simulations, Boeing executives were busy using the company's funds to enrich themselves and their wealthy friends rather than investing in safety and quality checks.

Dennis Muilenberg, who was CEO when the MAX 8 was launched, made \$80 million during his tenure, or more than \$231,000 for each man, woman and child who died in the two MAX 8 crashes. His successor, David Calhoun, who will step down this year, has made more than \$76 million since 2021.

Such sums are, of course, also at the expense of Boeing's workforce. The company is currently in contract talks with two different parts of its workforce—33,200 machinists and other workers in Washington and Oregon who are part of the International Association of Machinists and Aerospace Workers, and firefighters at locations in Auburn, Everett, Renton, Seattle and Moses Lake who are part of the International Association of Firefighters.

In both cases, Boeing is seeking new contracts that will drastically cut the real wages and benefits of the workers, shifting its losses onto them. The company is refusing to

restore the pensions of its machinists and provide wage increases to make up for more than a decade of stagnation and decline because of inflation. One of the main demands of the workers is to restore the hundreds of positions related to quality and safety that Boeing has eliminated over the past decade.

The contract for the machinists expires on September 12 and a strike authorization vote is scheduled for July 17.

That one of the principle demands of the workers is for more safety inspections and quality control of Boeing aircraft speaks to the class nature of aviation. Workers know that it is their families, friends and co-workers who fly on poorly built and maintained mass-produced aircraft, while the executives and upper management soar on private jets with specialists to keep them at peak efficiency.

It follows that for aircraft to be truly safe, there must be workers' control over their production. Production lines across the industry must be slowed down in a coordinated fashion to ensure adequate time to fully check and re-check each plane as it is being assembled. New and more advanced testing and development facilities must be established to insure that inherently flawed designs like the MAX 8 never again see the light of day.

Above all else, the crisis at Boeing makes the case for the nationalization of the entire airline industry.

Air travel is an integral part of modern life and the frequency of disasters and near misses cannot be allowed to continue. The working class must remove the profit motive and the dominance of Wall Street from public flight and replace them with a rationally and scientifically organized international system of air transportation.

Airline companies must be transformed into publicly owned and democratically controlled utilities, alongside all other major industries, as part of the fight to overthrow capitalism and establish socialism.



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