

Boeing names new CEO and reports \$1.4 billion quarterly loss

Kevin Reed
31 July 2024

Boeing announced on Wednesday that it had hired a new chief executive officer at the same time the airline manufacturer reported it had lost \$1.4 billion in the second quarter of the year.

In a press release, Boeing said “its board of directors has elected Robert K. ‘Kelly’ Ortberg as the company’s new president and chief executive officer, effective August 8, 2024. Ortberg will also serve on Boeing’s Board of Directors.”

Ortberg, who is a career aerospace engineer and executive with 35 years in the industry, replaces Dave Calhoun, who announced in March that he was retiring. Calhoun resigned amid a series of near-catastrophic safety failures and a recent sweetheart plea deal with the US Justice Department over Boeing’s fraudulent response to two crashes of its 737 MAX planes in 2018 and 2019 that killed 346 people.

Ortberg, age 64, worked at Rockwell Collins, a designer and manufacturer of avionics, communications and information systems for the aerospace industry for 30 years before he became company president and CEO in 2013. During his tenure, Ortberg led numerous mergers and acquisitions, including the integration of Rockwell Collins into the multinational aerospace and defense conglomerate RTX (formerly Raytheon Technologies).

The *Wall Street Journal* reported that Boeing “would pay Ortberg \$17.25 million in cash and stock for taking the job, plus \$22 million a year, of which roughly \$4.5 million would be in cash and the rest in equity.” The *Journal* report added, “Although the agreement is open-ended, the company said it wouldn’t apply its mandatory retirement age to Ortberg until April 2031.”

Also on Wednesday, Boeing announced that it had lost \$1.4 billion in the quarter ending in June, bringing its total losses in 2024 to \$1.8 billion and cumulative

core operating losses since 2019 to \$33.3 billion.

In the company statement on the deepening financial crisis of Boeing, outgoing CEO Calhoun claimed “substantial progress strengthening our quality management system and positioning our company for the future.”

A primary objective of Ortberg is to oversee the acquisition of a key Boeing supplier, Spirit AeroSystems, which has been at the center of the quality and safety failures of the 737 MAX jets.

Spirit manufactured the fuselage involved in the door plug that blew out of an Alaska Airlines jet during takeoff in January. In an investigation, federal aviation authorities say the fuselage made at Spirit’s factory in Wichita, Kansas, had defective rivets or fasteners, while they believe Boeing also failed to put back bolts needed to secure the door plug when it was opened for a repair at its plant in Renton, Washington.

The door plug failure is one of many safety and quality problems originating at Spirit. Boeing announced on July 1 that it had agreed to acquire Spirit in an all-stock transaction valued at \$4.7 billion. As part of the deal, it is expected that Spirit will shut down factories, including some in Europe, that make parts for Boeing rival Airbus.

On July 7, Boeing announced it had accepted a deal offered by the US Department of Justice and pleaded guilty to the charge of conspiring to defraud the federal government in its response to the two crashes of its 737 MAX planes, one in Indonesia on October 29, 2018 and the other in Ethiopia on March 10, 2019. Both planes went into unrecoverable nosedives minutes after takeoff due to the malfunction of an automated system designed and installed by Boeing.

The *New York Times* was enthusiastic about the hiring of Ortberg, saying industry experts welcomed

the announcement and quoting aerospace and defense analyst Ken Herbert as saying, “We believe this is a strong and safe pick.”

However, what the *Wall Street Journal* and *New York Times* left out of their reports on the new CEO is the fact that two weeks ago more than 33,000 Boeing machinists voted by 99.9 percent to strike the corporation when their contract expires on September 12.

The workers, members of the International Association of Machinists and Aerospace Workers (IAM), are demanding wage increases, cost-of-living increases, restoration of benefits and an improvement in safety and quality control in the Boeing factories.

CNN referred to the strike vote, calling it the “most immediate problem for Ortberg.” CNN also reported that Calhoun spoke to investors about the likelihood of a strike, saying that the company knows “the Machinists union, which represents those workers, will have a ‘big ask’ on wages, but that the company is willing to reward its workers and is doing everything it can to avoid a strike.”

Calhoun, the entire executive management of Boeing and the Biden administration are relying on the union leadership of the IAM to prevent strike action and impose another rotten contract upon the workers.

However, rank-and-file machinists are well aware of the repeated sellouts by the IAM bureaucracy, including in the last contract in 2008 following a 57-day strike. The strike was betrayed by the corporatist IAM leadership, and a supposed four-year contract was signed that the union extended repeatedly beginning in 2012. The workers only received a 1 percent wage increase in 2014.

A strike by Boeing machinists in September would bring the workers into a direct confrontation with the Biden White House and the Democratic Party reelection campaign and its presumptive nominee of Kamala Harris.

In particular, a strike by 30,000 Boeing workers would disrupt the US-backed war against Russia in Ukraine. The US-supplied long-range missiles being used by Ukraine for firing deep into Russian territory are made by Boeing. The Ground Launched Small Diameter Bombs (GLSDB) from Boeing are also being supplied to increase the number of 100-mile missiles being used by Ukraine.

According *Reuters* a report in Jan glide-bomb will allow Ukraine’s military to hit targets at twice the distance reachable by the rockets it now fires from the U.S.-supplied High Mobility Artillery Rocket System (HIMARS) and could force Russia to move supplies even farther from the front lines.”

There is no doubt the IAM will do everything possible to prevent Boeing workers from going on strike. A year ago, the IAM leadership announced the endorsement of the Biden-Harris ticket, claiming it was secured by a vote of the 600,000 members of the union in “a democratic process that included a general membership vote open to all U.S. members in good standing.”

Without stating exactly how many members of the union voted, the IAM leadership claimed a majority vote for Biden with “the participating IAM State Council Presidents, the IAM’s elected political leaders from each state,” voting to endorse the Democratic Party presidential campaign.



To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact