

Labor in Focus by Marianna Wertz

Boeing struck over 'shareholder value'

Engineers and technicians warn that "shareholder value" is threatening Boeing's long-term survival.

The strike by 19,000 engineers and technical workers, which began on Feb. 9 against the Boeing Company, has called into question the supremacy of the "shareholder values" outlook which has taken over American corporate culture in the post-industrial era. This is the largest white-collar strike against an individual company in American history, and the first-ever strike against Boeing (aside from a one-day action in 1992), the world's number-one commercial aircraft-maker and the United States's largest exporter. Its importance, therefore, should not be underestimated.

Charles Boffering, the executive director of the Society of Professional Engineering Employees in Aerospace (SPEEA), told his strikers on Feb. 20, "This is about the future of the Boeing Company. We are not fighting *against* Boeing; we are fighting *for* Boeing. We want to see employees and customers respected as much as shareholders. In fact, we think that the current obsession with shareholder value threatens Boeing's long-term survival."

As both sides in this conflict now admit, the strike has the potential to end Boeing's market supremacy. "These kind of things are the kinds of things that could kill this company," Jerry Calhoun, Boeing's vice president of employee and union relations, told the media.

The union is hoping that Boeing management, controlled, after last year's merger with McDonnell Douglas, by Chief Executive Officer Harry "Chainsaw" Stonecipher (as he is known on the picket lines), will come to its senses, and change the way it has been treating its valuable employees,

before those employees take some of the numerous job offers waiting just beyond the picket lines.

SPEEA spokesman Bill Dugavich told *EIR* on Feb. 29 that engineers are already leaving. "Before the strike, there were letters printed in our newspaper about people leaving, because of the atmosphere at the Boeing Company. Currently, we know that many of our workers—they're high-tech people, they can go out and get a different job somewhere else. Many of them, the first day of the strike, sent out their resumés," he said.

Talks between the company and the union broke down on Feb. 26, when SPEEA refused to put to a vote the company's third offer, which included medical benefit take-aways that, SPEEA said, would result in a net loss to members, even with proposed pay increases.

Federal mediators, who have failed in two attempts to settle the strike, have declared an impasse and will not initiate new talks.

Boeing was one of the last holdouts in America's corporate world, against the notion that only "the bottom line" counts. Because the company employs some of the most skilled workers in the world, they recognized, at least until the last few years, the importance of maintaining working conditions, including wage and benefit packages, that are conducive to keeping their employees productive.

SPEEA spokesman Dugavich said that the company shifted emphasis after the 1998-99 merger with McDonnell Douglas. "Traditionally, Boeing has prided itself in developing cutting-edge products, new airplanes, developing technologies, the kinds of things

that you can sell because they're great products. Because they're great products, people buy them and the company makes money," he said. But, "since the merger, and since the outsiders have come into the Boeing Company, there's been a shift in emphasis."

Instead of production, the company has focussed on cutting costs and "shareholder value," Dugavich said. "The shift is, research and development money has been funnelled to areas where they can develop new ways to cut costs, in production and in engineering. You can look up several of the executive statements, Harry Stonecipher said it, that Boeing is primarily interested in stock value, shareholder value. The bottom line of that is, you sacrifice employees, you sacrifice the product for the sake of the stock price. If you've watched Boeing's stock recently, it just isn't working. The stock is going down, the morale is going down, sales are going down."

Dugavich continued, "That's a large part of what these people are striking over. These are engineers and technical workers, who pride themselves in building planes that fly higher, faster, and farther. In order to let them do that, you need to have an environment that treats employees fairly."

Allan Rathbun, a 22-year veteran Boeing engineer, underscored this in an interview with *EIR* (to be published in a future issue). Rathbun said that, especially since the merger, engineers and technicians have taken to calling their daily work the "Management Plan du Jour," so disorganized is the management.

Rathbun said he thinks that Boeing forced the strike, in order to destroy the union and impose a contract to save money. But, he said, "I think they misjudged it, because there's a lot of support" for the strike.