



## The Daily Dish

# Boeing, the IAM, and the Greatest Pro-union President

DOUGLAS HOLTZ-EAKIN | OCTOBER 16, 2024

As you doubtless have noticed, the strike by the 33,000 International Association of Machinists (IAM) workers against Boeing has now reached one month and things are getting ugly. (See some of the history [here](#).) Boeing has announced that it has retracted its latest offer and will cut its labor force by 17,000 jobs (10 percent). The company has already offered a 30-percent pay increase over four years and beefed-up 401(k) contributions by nearly \$10,000. But the union is stonewalling any additional negotiations unless the pension plan terminated a decade ago is restored.

Earth to the IAM: The great American experiment with defined benefit pension plans was over a long time ago. Move on.

Boeing did not exactly enter the strike in great shape. It last turned a profit in 2018 and has lost \$25 billion over the past six years. It has been struggling even more since the door blew off a Boeing plane midflight in January, halting sales and necessitating costly (if necessary) changes. In the coming months, it has “[announced](#) \$3 billion in charges related to its commercial jet program and \$2 billion on its defense and space division, largely owing to delays caused by the work stoppage as well as higher costs.”

Not surprisingly, Boeing is burning through its cash and recently [announced](#) that it will go to credit and equity sources for an additional \$25 billion. Credit-rating agencies had been warning that Boeing debt could be downgraded, so the announcement was viewed favorably. As reported by the *Financial Times*: “Rating agency Fitch said Boeing’s actions would ‘increase financial flexibility and moderate near-term liquidity concerns amidst an extended strike and continued operational challenges.’”

Now, a labor dispute between a private firm and its employees does not typically rise to the level of a federal policy issue. But the Boeing distress has the [capacity to spread](#). As *FT* put it: “Boeing’s problems are bleeding out to the wider supply chain that has struggled to bounce back from the Covid-19 pandemic and meet resurgent demand from airlines.” This matters domestically as the aerospace industry in the United States is an [economic bulwark](#), supporting more than 2.2 million jobs and representing \$425 billion into the U.S. economy. Moreover, there are national security implications as the travails have curtailed production of military aircraft as well.

The White House has thus far remained silent on the dispute, as the most pro-union president proved in the recent port dispute that he is willing to sacrifice the U.S. economy for a union victory. Boeing and national security are evidently small change by comparison. Nothing dire has happened yet that would force action. But with other administrations, there might be soft gestures like offering mediation by the secretary of Labor (oops, the Biden Administration can’t get one confirmed) or encouraging both sides to remain at the negotiation table.