

Boeing dangles jobs to try to get concessions

By Don McINTOSH
Associate Editor

The Boeing Company has become a repeat offender in using siting decisions to get what it wants. But the company may have exhausted its ability to wring concessions from its unions and the State of Washington.

In a 32-page report released Sept. 28, Washington Gov. Chris Gregoire outlined why the aerospace giant should choose Washington as the site of its second 787 "Dreamliner" assembly line, but offered no new incentives for the company to do so. Meanwhile, the International Association of Machinists and Aerospace Workers (IAM) has held firm in the face of a demand that workers give up the right to strike in return for Boeing picking Washington over a nonunion locale like South Carolina.

In 2001, the company decided to sever corporate leaders' personal ties to Puget Sound and move its headquarters closer to customers. Boeing held a sort of "auction" between Chicago, Denver, and Dallas-Ft. Worth, and Chicago won the contest, getting 500 jobs in return for \$56 million in state and local incentives.

That seemed only to whet the company's appetite. In 2003, Boeing announced with great fanfare that its new 7E7 Dreamliner would be a globalized operation, with 50 suppliers in eight countries. The site of final assembly would be left to an "open and fair competition," i.e., a bidding war.

To win the assembly line, the Washington Legislature approved an extraordinary package of incentives: a specialized tax break, targeted at Boeing alone, that would reduce the company's tax bill an estimated \$3.2 billion over 20 years; changes to the unemployment insurance system that would reduce what Boeing pays; funding for aerospace-related training programs at the University of Washington and community colleges in Edmonds and Everett; and road and infrastructure improvements, including an additional pier at the Port of Mukilteo and a railway line ending just below Boeing's Everett facility.

The company reviewed 80 proposals from 20 states, and chose to locate the new 7E7 assembly line at the existing Boeing facility in Everett.

The next-generation jet, renamed the 787 in 2005, proved a hit with airlines: The Dreamliner is made of lighter, more durable composite materials, and will deliver huge savings in fuel and maintenance costs. Boeing racked up over 800 orders for the aircraft, and determined that a second assembly line — representing an additional 700 to 900 jobs — will be needed in order to meet demand. The company announced that South Carolina, Texas, and Kansas were being considered as locations, as well as Washington.

Could Washington do more to get the company to locate a second 787 assembly line in the state? In the report

entitled "The Business Case for Consolidating Boeing 787 Assembly in Washington," Gregoire reminded the company why Washington is already a great place for Boeing to do business: 80,000 trained aerospace workers; outstanding air, water, rail, and road infrastructure; ongoing investments in aerospace workforce training at local colleges and universities; and favorable tax laws.

Connie Kelleher, spokesperson for IAM District Lodge 751 in Washington, adds one more reason to locate in Washington — Boeing's existing workforce possesses a shared practical knowledge about how to build Boeing jets that can't easily be duplicated.

Kelleher recounts a recent conversation with a recently hired Boeing machinist.

"He said, 'I could have drilled holes in a classroom forever. But they put me in the wing line, and I'm standing at the top of a ladder at a 45 degree angle inside a wing, with a mirror in one hand to see what I'm doing, drilling to a close tolerance. The only way I could learn that is for somebody to tell me how to do it who has done it before.'"

Mistakes in such an environment can

be very costly, both in scrapped parts and in image, if the public starts to think Boeing is cutting corners.

"When you're at 30,000 feet, I don't think you want your plane to have been built by the lowest bidder," Kelleher says.

Boeing executives have said they will make a decision on where to locate the second assembly line by the end of the year.

It might not seem that the 1,240 Machinists at Boeing's Portland unit have a stake in the fight over where the new assembly line will be. The unit, actually located in Gresham, fabricates hundreds of aircraft parts for Boeing planes, and isn't being considered as an assembly site. But by mid-2009, Boeing was making noises about using the siting decision to extract a no-strike pledge from the union, a concession which would affect every Boeing machinist.

Kelleher says the company never directly proposed a no-strike promise from the union. The message has come second-hand from elected leaders, like Congressman Norm Dicks (D-Bremer-ton), who told reporters that Boeing's decision centers on whether they get assurances there won't be a work stop-

page. A work stoppage would further delay deliveries of the 787, which is already two years behind schedule. And a Boeing vice president told the press that choosing a final-assembly site somewhere other than Everett would enable Boeing to keep its jets rolling out in the event of a work stoppage there.

The company has said it's considering locating the new line next to its non-union facility in South Carolina. The IAM organized the 500-worker South Carolina facility, which Boeing bought from Vought Aircraft Industries last year. Workers voted the union out this year.

Long-time union members can't remember there ever having been a golden age of labor relations with Boeing. It's a company that bargains aggressively. But unlike most American workers, Boeing workers have a rare ability to use the strike weapon to defend their interests. That's because the work they do is highly technical and closely regulated by the Federal Aviation Administration. They can't be replaced when they strike, like so many other workers.

"Our members are very well educated and very knowledgeable about

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I-1033 jeopardizes our families' safety

I-1033 would block police and fire departments from recovering to normal staffing levels. Fewer emergency services personnel means higher response times in life-and-death situations. Meanwhile, recession-forced prison cuts are resulting not only in job cuts and jail closures, but also in criminals being released and some offenders no longer being supervised upon their release. I-1033 makes those cuts permanent.

I-1033 harms schools, roads, and health care

Due to recession, thousands of Washington families have lost their health coverage, teachers and other school employees have been laid off, hospitals and nursing homes have cut services, and public transportation has suffered. I-1033 would make it illegal for elected legislators to restore these services when the economy recovers.

I-1033 is a proven failure

In 1992, Colorado became the only state—before or since—to impose revenue limits like those in I-1033. The damage was severe. Colorado dropped to 49th in the nation in education funding and the percentage of low-income children with no health insurance doubled. In 2005, voters in Colorado suspended the revenue restrictions.

Tim Eyman's I-1033 is bad for Washington.

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