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Headline: Labor Peace Is in the Air at Boeing
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Several major labor contracts in aerospace and autos expire at the end of this summer, and unions and management are already gearing up for tough bargaining sessions. If you want to see where industrial relations in America's manufacturing sector could be headed, watch the negotiations between Boeing Co., America's largest producer of aircraft and its single biggest exporter, and the 86,000 workers represented by the International Association of Machinists.

At the end of 1995, Boeing and the IAM ended a bitter 69-day strike. The key issues were job security, health care, and pensions. Surveys taken last month show that workers' concerns remain unchanged. At the same time, however, since the last strike, Boeing has had serious production problems, a 30% plunge in its stock price, and has begun to lay off nearly 50,000 workers. While the company's earnings have recently turned up, thanks to higher sales, next year's order book looks weaker. And its sole rival, Europe's Airbus Industrie, has been gaining global market share. Given the apparent gap between what workers want and what Boeing seems in a position to deliver, it would appear that yet another confrontation is brewing.

GROWLING AT GM. But maybe not. In the manufacturing industries, management and organized labor have been through a tumultuous and painful decade. No matter who claimed victory in the acrimonious clashes at companies such as International Paper, Caterpillar, and General Motors, the fact is that all parties lost in a global economy where a highly skilled and motivated workforce is so essential to compete. "These bruising battles have definitely caused labor and management to rethink their strategies," says Harry Katz, an industrial-relations expert at Cornell University.

To be sure, no one is predicting total harmony at the bargaining table. Already, the United Auto Workers is growling at General Motors Corp.'s plans for more subcontracting. Some 375,000 U.S. manufacturing jobs disappeared last year, and membership in nonservice unions is way down. It is also not easy for organized labor to passively accept the fact that its historic mission of delivering higher wages has de facto been changed to one

of trying just to preserve existing jobs and benefits.

Still, some companies and labor organizations have entered a cooperative era. Ford Motor Co. has avoided any strikes since 1986 by encouraging its managers to work closely with workers and union leaders. The Communications Workers union has broken ground in its joint training and education programs with companies such as AT&T and Cisco Systems Inc.

And look at what has happened between Boeing and its union. Right after the 1995 strike, R. Thomas Buffenbarger was installed as the IAM's new president, and Philip M. Condit became chairman and CEO of Boeing. "We agreed that the strike never should have happened," says Buffenbarger. "The union and the company had been closed and separate societies. Something had to change." By all accounts, it has.

OPEN DOORS. In the past four years, top executives of Boeing and the IAM have been meeting regularly to discuss the company's future. Workers have been centrally involved in reengineering the clogged production lines. A joint Boeing-IAM team took a two-week trip to China to better understand Beijing's pressures on Boeing to transfer some of its work to Shanghai or Xian. Education and retraining programs have been established for workers who are being displaced either because of outsourcing or big cyclical production swings.

"A key change in our culture is an emphasis on transparency and sharing of information with our workers," says Condit. On the politically explosive issue of outsourcing, for example, both he and Bill Johnson, the union chief in Washington state, point to an effort just under way for Boeing to give the IAM all the data it needs to bid against nonunion subcontractors, thereby giving the union a chance it never before had to keep work in-house. Another potential innovation: The IAM is considering joining with other big companies in the Northwest to bargain with health-care providers for lower costs. These far-reaching measures would go a long way in defusing chronic problems facing industrial relations in America.

In the next few months, Boeing will have to navigate between the demands of its workers and cost-cutting pressures from Wall Street. But there's a good chance Boeing and the IAM will not only avoid a strike this September but

set a pattern of cooperation for other industries to follow. Let's hope so.

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