

#1622 De-regulation And Profit Centering Create Human Catastrophes

JAY TOMLINSON - HOST, BEST OF THE LEFT: [00:00:00] Welcome to this episode of the award winning Best of the Left podcast, in which we will come to understand the forces of capitalism and deregulation which loom large as industrial transport disasters continue to pile up, with new focus brought to the issue by the Francis Scott Key Bridge collapse and the series of dangerous and deadly failures from Boeing. Sources today include *The Daily Blast* with Greg Sargent, *The Real News*, *The Zero Hour* with RJ Eskow, *Last Week Tonight* with John Oliver, *The Majority Report*, and *Democracy Now!*, with additional members-only clips from *The Daily Blast*, *Last Week Tonight*, and *The Thom Hartmann Program*.

Horror in Baltimore: Awful New Info Emerges About Six Missing Workers - THE DAILY BLAST with Greg Sargent - Air Date 3-28-24

GREG SARGENT - HOST, THE DAILY BLAST: At around 1:30 in the morning on Tuesday, the Francis Scott Key Bridge collapsed in Baltimore after a massive cargo ship lost power and rammed into it. Nearly 48 hours later, as of this recording, six of the workers on that bridge are still missing. Who were these workers? They all appear to have been immigrants [00:01:00] from Central America and Mexico, but as of now, little is known about them.

This tragedy tells a larger story about the plight of immigrant workers in America and our collective treatment of them, which is often pretty terrible. Here to discuss this today is Maximilian Alvarez, Editor-in-Chief of The Real News Network, which is based in Baltimore. Max has been working this story pretty hard. Thanks for coming on today.

MAXIMILLIAN ALVAREZ: Thank you so much for having me.

GREG SARGENT - HOST, THE DAILY BLAST: So these workers were filling potholes on the bridge. The Coast Guard has ended its search, presuming that six of those workers are dead and they may never be found. Two others were rescued. You've been trying to figure out more about the missing workers, right?

MAXIMILLIAN ALVAREZ: I have. And even from the initial reports, I had a lot of questions, right? But I think that it's really telling the kinds of questions people ask depending on who they know and what they know. Because I watched white anchors here [00:02:00] in the city talking about the fact that eight workers went down into the water when the bridge collapsed that we know of. Two of them were recovered from the water, one of whom was sent to emergency care, and one who reportedly refused emergency care.

Now, that's all the detail we got, based on the interaction that happened that morning. But I was watching these anchors and journalists in the city, none of whom spoke Spanish, none of whom clearly have close connections to construction workers or undocumented immigrants, suggest credulously that, oh, perhaps the second person was just fine and walked away. That may be the case, but again, if undocumented folks, your immediate thought is that person was undocumented and I can only imagine what was going through their mind when after this catastrophic collapse of an iconic bridge, one of the greatest accidents that we've had in this country, to refuse [00:03:00] medical service. I'm not saying that is what happened, but I'm saying based on the crew that we know was on there and based on everything we know about how undocumented workers have to live and operate in this country under the floorboards of society, as it were, it is very possible that was the case of the second worker who was pulled from the water that morning.

But what we do know so far is that six workers who were on that night crew who were filling, they're filling potholes on the Key bridge in the middle of the night. Their night shifts, I believe, go from nine at night to five in the morning, according to Jesus Campos, a fellow coworker of that crew whom I interviewed for the Real News Network.

What we know is that they were there filling potholes at a time of low traffic. They were working for a long time, long established contractor in the city named Bronner Builders. So far, the majority of reports that I've heard from workers in the city and folks who work construction is that [00:04:00] Bronner has a relatively solid reputation. But they are contractors with the government.

I think that there is another story here, that this is what contracting and subcontracting everything looks like over the course of 40 plus years of

neoliberal politics, outsourcing government functions and government workers to the quote unquote market.

Now, I'm not saying that's always a bad thing, but I am saying that I think you can find in that historical progression an understanding of why and how we ended up in a situation where workers doing this vital and manifestly potentially dangerous work in the middle of the night on a bridge with these mega ships passing beneath their feet, could somehow be doing that work with no direct line to emergency dispatch services, which is why, based on everything that I have heard, everything that I have seen, my review of the police scanner reports, [00:05:00] the workers on that bridge had no idea that they were about to meet their deaths. The police who responded to the call and who stopped traffic from getting onto the bridge--and credit to them, they did save lives--but you can hear the police talking into the scanner saying that they were waiting for backup so that one officer could go onto the bridge, tell the foreman, and you can hear the desperation in one of the voices on that dispatch call saying, is someone going to tell the workers? And then no one did. And now six of them are missing. And at this point on Wednesday they are presumed dead.

Everything we know about the Francis Scott Key Bridge collapse - The Real News Podcast - Air Date 4-4-24

MAXIMILLIAN ALVAREZ: So quickly picking up on that question, Mel, you're right. It's as we all, at the Real News, know it was. It was very striking that I was in East Palestine reporting finally on the ground there after a year of reporting on it here at the Real News, interviewing residents, and a year before that Mel and I were interviewing countless railroad workers amidst their contract fight, all of whom were warning that a catastrophe like East Palestine, would happen if the corporate [00:06:00] Wall Street-driven disease that has taken over the railroads—and not just the railroads, but basically every other facet of our society—was not reined in.

And lo and behold, on February 3rd, just months after president Joe Biden and both parties in Congress conspired to force a contract down railroad workers throats, a Norfolk Southern bomb train derails in the backyards of the families of East Palestine. Three days later, the disastrous and unnecessary decision was made and pushed by Norfolk Southern to vent and burn five cars worth of toxic vinyl chloride, spewing these toxins into the air, exposing these residents to devastating health effects that they are still feeling now. They are bioaccumulating these chemicals. They are racking up health bills. I mean, they

are losing their jobs, losing their health insurance. It is really a horrifying situation there in East Palestine that we've been trying to cover, and it is all about corporate greed and government negligence, [00:07:00] right?

It is part and parcel of the 40 plus year long process of deregulation, disinvestment, corporate domination, the devaluation of labor and life itself in this country is what is making catastrophes like East Palestine, the Baltimore Bridge, the Boeing planes coming out of the sky, the BP oil spill, and so many other atrocities that are occurring around our country right now.

Not just on the labor side, but poisoning our communities. That's why the first text that I received on Tuesday morning, less than 24 hours after I got back from East Palestine, were from members of the community in East Palestine expressing solidarity with us. Saying that they saw so many resonances in what they went through with what we were going through.

Again, there's so many things that I'll just, I'll say in like just 40 seconds here and then I'll shut up. Like the questions, I don't want to presume that East Palestine and Baltimore are the same. The train derailment was not. The ship crash that collapsed the bridge and the investigative work to figure out the root [00:08:00] causes of this are ongoing.

But, again, what I think was readily apparent to me and the folks in East Palestine is that this is an obvious breaking of the social contract between citizens, labor, business and government, which was supposed to be that all of this dangerous stuff, the trains running through our backyards, the ships going through our rivers and the factories that are in our communities, all of that was supposed to be allowed only if there were layers of non profit-driven protection and maintenance in place to ensure things like East Palestine and Baltimore and Boeing and BP don't happen.

And yet they're happening more and more frequently. And that is the problem. To say nothing of the containers that fell into the Patapsco River and whether or not those are going to contaminate us. Obviously people in East Palestine who are still seeing the chemical sheen in their creeks from the derailment are looking at the chemical sheens in the Patapsco River and asking, "Do you guys know what are in those containers?"

The workers [00:09:00] on the bridge did not get a warning about their impending deaths, just like workers on that Norfolk Southern train did not receive a warning from the hot box detectors about the ambient rise in heat in that faulty bearing before it was too late.

There's so many residences here that I think should guide us towards the questions we need to be investigating right now, but it was really stark for me to have 24 hours in between getting back from East Palestine to the bridge collapsing. And it's just been a whirlwind ever since.

MEL BUER - HOST, THE REAL NEWS PODCAST: Dharna, do you have anything to add?

DHARNA NOOR: Yeah. I think that the similarities and the differences between what happened in East Palestine and what happened just last week in Baltimore are both really interesting. I agree with Max that I think that obviously there's a lot to look into in terms of the role of corporate unaccountability here. I specifically want to shout out some reporting that the Lever has been doing showing that Maryland's governor, Larry Hogan, has spent his time as governor—or, previously spent his time as the previous governor of [00:10:00] Maryland—pushing for larger ships to go through Baltimore's Harbor. I think it's not surprising, I guess, that this kind of horrible disaster would occur at some point.

That said, I think I, and so many other people, when this disaster first happened, did wonder, "Oh, is this related to our crumbling infrastructure in our country?" And I think, you know, what engineers have said is that the bridge was actually in decent condition, but whether or not you should be able to have a bridge that was built in the 70s next to this ginormous cargo ship of this kind is really another question.

And I also think that, in both of these cases there are just really important questions of social infrastructure to be raised. Had the workers on the bridge who you know, who tragically fell to their gap, their death during the collision had they been union, had they been higher paid, and, that's important to note. I don't think that it's a question of corporate unaccountability alone, but that said, it's obviously [00:11:00] no huge surprise that it is often our immigrant workers of color who are often bearing the brunt of the most dangerous social situations.

Non union construction work is still one of the most dangerous kinds of labor that we have in this country. And so I think that, while there are a lot more questions to ask about what sorts of changes in social infrastructure should come from this I think, like East Palestine, it's really, as Max said, a situation that shows us the breaking of that social contract that we are supposed to have with business and with infrastructure. Whether or not this particular case was caused by crumbling infrastructure, by horrible labor conditions, whether or not this would have happened otherwise, is a different question, but I do think that

our social infrastructure tells us a lot about who's going to bear the worst brunt of these disasters.

Cars, Bridges, Ships and Planes - The Zero Hour - Air Date 04-06-24

RJ ESKOW - HOST, THE ZERO HOUR: No, that's not to say infrastructure isn't a good investment. I'm a great supporter of infrastructure as an investment. But the structural drive by I'm talking about is what you see in the investments that don't happen. Sure, the Key Bridge [00:12:00] carried local traffic, but another infrastructure project that was initially approved around the same time never got the green light. This is one that would have really helped these lower income neighborhoods. It was called the Red Line. It was an addition to Baltimore's light rail system. And what it would have done that was so important is that it would have linked these lower income, mostly Black neighborhoods, where people are struggling economically and in other ways, to the other parts of the city where there are jobs: in Camden Yards there are jobs, in the Inner Harbor there are jobs, in universities, medical centers and corporations, most of which are on the east side of town. These poorer neighborhoods are mostly on the west side of town. The Red Line, though, unlike the Key Bridge, got delayed and delayed and delayed and was finally officially killed by a Republican governor named Larry Hogan, and Larry Hogan is now, puzzlingly, the leading [00:13:00] candidate for senator, according to polls in the state of Maryland, even though Maryland is heavily Democratic.

Now a journalist named Alon Levy--you can read all this in askal.substack.com, and also support our work if you're so interested, --but a journalist had a succinct headline for this: "How you can tell Larry Hogan's decision to kill the Red Line was racially discriminatory." It was whatever justification Larry Hogan used to himself, a racist decision. Because when he killed the Red Line, he didn't kill another mass transit project, the Purple Line, which was in richer and whiter Montgomery County. As a result, there was a Title VI civil rights lawsuit. There was a federal investigation at the end of the Obama administration, but Trump killed the investigation. The lawsuit lost steam. And yet another structural drive by was imposed on the working people, and especially the Black [00:14:00] people of Baltimore.

But then again, transportation infrastructure has a long segregationist history in Baltimore and all around the country. All of the highway construction that we saw in the mid-20th century, which I and others have spoken very complimentary about, had a downside. It served to accelerate white flight from

urban centers. And Baltimore started even earlier with the construction of a very early streetcar system, which led to the creation of White--they were called streetcar suburbs, many of which had covenants saying you couldn't sell to Black people. So you had places like Catonsville and Oakenshaw that were legally apartheid neighborhoods because of the way and for whom transportation infrastructure was built.

Now blockbusting had something to do with that too. Blockbusting is a term where real estate agents and companies, they had a deliberate strategy in the days of [00:15:00] integration. They would sell one home to a Black family in a White urban neighborhood. Then they would terrify all the White neighborhoods. Oh, you're going to lose your housing values because those people are coming. That would pressure the White people out of racial fear to sell their houses below market value, they'd all leave, and then the realtors would buy up all the houses at under market rates, inflate their costs for Black families who would then move in, creating neighborhoods that were segregated and that ripped off the Black families who moved into them just as they had ripped off the White families who fled. That's blockbusting.

But then again, Baltimore was also a pioneer in residential segregation going back as far as 1910, when the City Council passed law designating specific city blocks as either White or Black.

Now, why do I say structural violence kills a lot more people than drive by shootings? Well, life expectancy in Upton Druid Heights, which I mentioned earlier, [00:16:00] is 62.9 years on average. In Roland Park, the city's richest neighborhood, and much whiter neighborhood, life expectancy is 83.1 years. That's more than 20 years difference. And I'm going to tell you, people in Roland Park have cars, more than one car per household, I would guess. And they use that bridge a lot.

And we could talk a lot more about infrastructural racism. For example, Maryland Transportation Authority, which was responsible for the Key Bridge, has a digital-only toll system now, when a larger percentage of Black people are unbanked, so they wouldn't have access to a digital toll pricing system, they'll get fined instead. They want to put in surge pricing for toll lanes, for high speed lanes, so that they could change every five minutes and wealthier people can pay more to pass the traffic jam--which, by the way, will reduce the demand for building yet more infrastructure to relieve traffic pressure.

[00:17:00] We could go on and on and on. Transportation infrastructure was used after Freddie Gray was murdered by Baltimore police to trap high school students who were then attacked by police, and so on.

We could even go back to the people who were living in the Baltimore area when Europeans came, the Susquehannock people were hunting in what is now Baltimore, when Europeans declared the province of Maryland back in 1634. Pretty quickly you can guess what happened. Things were segregated. The Susquehannock were driven out of their homes, became refugees in their native land. There were scattered bands, they merged into other tribes, and then those tribes were driven away too. So you could call that the first structural drive by.

Now, why do I tell you all this? Well, for some immediate and practical reasons. One is the people of Baltimore should not pay a nickel to rebuild this bridge. This bridge was not built by [00:18:00] them. It was not built for them. It served them indirectly in terms of jobs and so on, but its real customers were interstate travelers and, of course, corporations that ship massive amounts of cargo.

So let the corporations, let the federal government rebuild this bridge if they want it so badly. And in terms of public funds from and for Baltimore and from and for the state of Maryland, let's build that Red Line. Let's get people in these poor neighborhoods connected with healthcare, connected with jobs. Let's build some clinics in these neighborhoods. Let's get some decent health care there. Let's remind ourselves of the legacy of, first of all, structural racism that created this situation, and, not incidentally, the exploitation of all [00:19:00] immigrants and working class people reflected, not just in blockbusting, but in other ways that Italian and other immigrant workers were mistreated by economic powers in Baltimore. We could talk about the Baltimore and Ohio railroad strikes of the late 1800s. We don't have time for all that.

But I would tell you this: as we remember the lives of everyone who lost their lives in that bridge disaster, let's not forget the people who suffer every day. Let's not forget the people who die every day. Let's not forget the people who are--let's put it a better way--killed by structural violence every day in Baltimore.

Everything we know about the Francis Scott Key Bridge collapse Part 2 - The Real News Podcast - Air Date 4-4-24

DHARNA NOOR: Clara, I'm glad that you mentioned the work that some of the Latino racial justice and immigration rights organizations in Baltimore have been doing around that house fire. I think it's really interesting that something that officials have been saying and with good reason in the wake of this disaster is that Baltimore is really strong and really resilient.

But I've been really curious to see what that actually means. And [00:20:00] talking to Susana Barrios, who you know, who Max also, I think has been speaking with who is the vice president of the Latino racial justice circle. She said yeah we're strong, but it's because we've had to be like, we've had to deal with disasters before, especially in our community, which has faced so much hardship.

And so it's no surprise really that they were able to really quickly put together—like it was almost a hundred thousand dollars that they raised for the victims families— within six hours of the tragedy, which is pretty incredible. But also like just saying that Baltimore is strong, I think, doesn't tell the whole story.

It also is that communities are strong because you have to be strong in the absence of Real state support, real you know, protections you have from like governments without that sort of base of like social infrastructure that you're supposed to rely on, you have to create your own.

Which is really inspiring. And then also like it's really awful that that's the only sort of solution that we have. We shouldn't have to be having GoFundMe accounts to fund like funerals [00:21:00] and services for people who die in disasters that the state is, at least in some way, responsible for.

And I think that it's a really inspiring story and also one that should not have to exist. But that said, like Baltimore has been really, really resilient and so many communities have come together in a really inspiring way. You know, seeing restaurants donate food, seeing people come in from out of town to ensure that the victim's families have places to stay, seeing the way that certain workers at the Red Cross have been, like, putting their all into making sure that the victim's families have everything they need. Seeing the way that first responders have been taken care of seeing the way that unions have banded together to make sure that their workers will be protected in the face of lost jobs in the coming weeks, I think has been really, really inspiring. And I want to shout out Baltimore for that resilience—for that strength. And also I would love to imagine a future where we could have the kind of state support that we actually need and don't simply need to rely on ourselves in order to make sure that we can survive tragedies like this.

MARC STEINER: I just want to throw in real quick that I [00:22:00] think one of the things we have to do now is to really keep our politicians', political leaders' feet to the fire. What are you going to do about investing in infrastructure?

What are you going to do about making sure that people are paid union wages and unions have a say in what's happening in building that infrastructure and putting people to work who need the jobs in our communities?

MAXIMILLIAN ALVAREZ: And that workers like these get citizenship.

MARC STEINER: Right. I mean, it's because there are questions that they cannot be allowed to run away from.

This should not have happened. The bumper should have been in place. The bridge should not have collapsed. There should have been inspections on that boat before it was allowed to—ship, excuse me—before it was allowed to go out. There's so many variables here that the lack of oversight by our government for any safety of the harbor, all that is affecting what just happened.

That shouldn't have happened. Those people shouldn't have died. The bridge should not have collapsed. If the right systems were in place to ensure the safety of all of us, that's part of the problem.

MAXIMILLIAN ALVAREZ: And a ship experiencing that level of propulsion failure 30 minutes after leaving [00:23:00] port should not have been allowed to leave port.

A rail locomotive experiencing a bearing failure carrying that many hazardous materials through the backyards of regular people should not have been allowed to be on the track in the first place, right? I mean, and workers on that bridge—at least the foreman should have had a direct line to emergency dispatch in case something like this happened.

Why do railroad workers keep dying on the job - Working People: The Real News Podcast - Air Date 3-6-24

MAXIMILLIAN ALVAREZ: For folks who listen to this show, I think we've had enough interviews with railroad workers that I think they get the gist of — at least a lot of — the basics more than, you know, your average podcast listener, and I have you guys at Railroad Workers United to thank for that.

So, we can assume that there's going to be like some background knowledge here from our listeners about how the industry itself has been changing over

recent years and decades—the rise of precision-scheduled railroading, right? This fucking corporate consolidation that's been going on—on the railroads—for years to the point that we've gone from over 40 different rail carriers down to a [00:24:00] handful, right, that have just like incredible oligopolistic, power over our supply chain.

And as we saw with the high stakes contract negotiation that y'all were embroiled in two years ago culminating in Congress and scab Joe Biden and everyone else in Washington DC, just gleefully conspiring to shove a contract down worker's throats and give the rail carriers everything they want. Basically tacitly and explicitly telling the rail carriers, "Hey, keep doing what you're doing." cause we're not going to stop you. Right?

That's what we were covering with railroad workers, and we have been covering extensively on this show at The Real News on breaking points for years now. So I don't want to make y'all go over all of that again, but I do want to talk about how those changes affect the safety and of working on the railroads.

Because Nick you mentioned something that really stuck in my ear. How, at a certain point, there is no way to make this job completely safe, [00:25:00] right? It's like with, football, right? You're never going to be able to make football completely safe, even if you have great helmets. Like, it's a sport premised on violence, right? And, as railroad workers, y'all have been telling me for years these trains are incredibly heavy. They're incredibly dangerous and you, as a human being, are the softest, squishiest thing in that rail yard, right? And you are no match, for a massive locomotive or anything like that.

So I want to talk about those two sides of this. If we can go around the table and just talk more about what do you think folks who don't work on the railroads don't understand about like just the inherent dangers that you face doing this work, regardless? Like, what are the sorts of pressures and dangers and safety measures that you, as railroaders, just have to work with on a day to day basis given the nature of the work that you do.

Then, also, let's talk about how those things have changed over the course of recent years as the precision schedule [00:26:00] railroading and that this Wall Street-minded mentality has totally taken over the industry, turned it into a profit generating machine for the executives and the shareholders, like Ross was saying, cutting the workforce so that piling more work onto fewer workers, making the trains longer heavier, yada, yada, yada. Let's talk about that. Let's go back around the table, Mark, I'm going to throw it back to you. But yeah, then everyone else just please hop in after he's done.

MARK BURROWS: Well, first I believe that, railroading—it can be done safe. Okay. I mean, yes, under current conditions, going to work is like a potential death trap on a good day, but the profit motive was taken out of the equation, and the whole priority was to move the nation's freight safely —so that workers are not compromised, so that the public is not compromised, and so that the freight itself is not compromised— that can be a whole nother [00:27:00] discussion. It can be done. That'd be a major paradigm shift, but it can be done. I just wanted to make that point, and I just want to throw in that precision-scheduled railroading gets a lot of attention—and rightfully so—but it's also an oxymoron marketing term for a business model.

The speed up began decades ago, and I can trace it back to the mid 80s, where there was a real shift. Then precision-scheduled railroading in the last 10 plus years has just escalated the speed up on steroids. I'll just leave it there for now.

NICK WURST: I want to just start with agreeing with Mark that railroading can be done safely, but that means safety has to be the number one priority over everything else, and that's not the case with these railroads. Even providing quality [00:28:00] service is not even the top priority. Really making it look like they're providing quality service is the top priority.

I think there's a lot to talk about, and one of the things I want to give a little bit of perspective on is, I'm the youngest— in terms of seniority, in terms of time on the railroad—out of all of us, by a significant margin, I think. One of the things that's really hammered home to me is there has been an exodus of talent and experience from the rank and file of the railroads. The number of talented, experienced railroaders who knew how to do the job well and safely has been driven down.

They've been driven out of the industry over recent decades. What happened was, at a certain point, [00:29:00] the railroads cut so much—they cut so many jobs and drove out so many talented people, ballast-level employees, I'm not talking management here — that they started trying to fill the gaps with mass hiring new people.

I'm one of those people, and every day is a constant reminder of how little I know and working with some of the people that I work with is a constant reminder of how much they do know, and how much that's not getting passed down. When I went to conductor training, I had four weeks of training at school.

Three of those weeks were in the classroom learning rules. One week was doing anything outside. You know—making hitches, throwing switches, anything that can actually—.

There's a reason for rules, right? I don't [00:30:00] want to suggest that the rules are unimportant, right? But, in terms of hands-on work, you've got one week, and then when I went to training on the job in my area—when I got back home—some jobs I got maybe a week on.

Boeing - Last Week Tonight with John Oliver - Air Date 3-7-34

JOHN OLIVER - HOST, LAST WEEK TONIGHT: Let's talk about Boeing. And let's start with the fact that Boeing used to be synonymous with quality and craftsmanship. It was founded by William Boeing in 1916, and over the years, it built nearly 100,000 planes for the Allied forces, the first stage of the Saturn V rocket, and Air Force One.

But they're best known for revolutionizing commercial aviation. In 1967, Boeing introduced the 737, and have made over 10,000 of them since. And the company's success rests heavily on its well-earned reputation for excellence, like in this video from an annual shareholder meeting.

BOEING COMMERCIAL: The first step in making a difference is believing you can.

We make the impossible happen on a regular basis. [00:31:00] So, it can be done. You just have to think of a new way to do it.

Let's just do it right. Whatever it is. Quality, safety, environment. Do it right. And make it something that you can be proud of.

I wanted to develop products that had a global reach and a global impact. And I'm doing it now.

JOHN OLIVER - HOST, LAST WEEK TONIGHT: I mean, that sounds pretty good. We do the impossible. Great! Love the impossible. Let's just do it right. Yes, let's. Wrong feels like a bad way to do it. I want to develop a globally impactful product, and I did. Good for you! You're a little too close to the camera, but in general, I am on board.

In fact, Boeing had such a great reputation for safety among pilots, there was even a common saying, "If it ain't Boeing, I ain't going" -- which the company put on T shirts, lanyards, and mugs that you can still buy on their website. All perfect gifts for someone who loves branded merch and does not love following the news.

And that stellar reputation has been credited to the company's engineer-centered open culture. William Boeing [00:32:00] himself once said, after noticing some shoddy workmanship on his production line, that he would "close up shop, rather than send out work of this kind." And one project leader in the 80s and early 90s is remembered for saying, "no secrets," and, "the only thing that will make me rip off your head and shit down your neck, is withholding information."

And I'm sorry, but that should be the mug. You want to shift merch, that's how you do it.

But it's pretty clear that we're a long way from that culture today. And most observers will trace the shift back to this pivotal event.

NEWS CLIP: A major announcement today in the world of aviation. Boeing and McDonnell Douglas today announced they would join together to form the world's largest aircraft manufacturer.

This is, I believe, an historic moment in aviation and aerospace.

JOHN OLIVER - HOST, LAST WEEK TONIGHT: Yeah, the sky boys got business married. Boeing merged with McDonnell Douglas, who were primarily known for military planes and had a lousy reputation for commercial airliners. Most notably, the [00:33:00] DC 10, which had multiple accidents resulting in over 1,100 passenger fatalities.

And look, Boeing's merging with the McDonnell Douglas Aerospace Manufacturing Corporation/Murder Emporium, that Boeing CEO's worst decision, probably not, because he also--and this is true--married his first cousin. So, the last decision I'd ask this guy to make is who it's a good idea to couple up with.

And while Boeing was the acquirer in the partnership, it soon became clear that the McDonnell Douglas culture, which was much more cutthroat and profit driven, was going to become dominant. Early on, the McDonnell Douglas management team even gave their Boeing counterparts a plaque featuring an

Economist magazine cover about the challenges of corporate mergers, which sounds benign until you see that the actual cover was this picture of two camels fucking, and McDonnell Douglas execs added the line, Who's on top?

And setting aside the weirdness of gifting your co workers camel porn, it begs the question, what was going on at [00:34:00] The Economist back then? Spare a thought for the employee who dreamt of doing business journalism, only to find themselves digging through photos of horned up camel sluts banging in the dirt.

A year after the merger was finalized, Boeing announced a new stock buyback program, taking company money that could have gone to making planes and using it to inflate stock prices instead. And even mechanics at the company noticed the culture shift.

NEWS CLIP: There was a major campaign launched called ShareValue. And the idea was that they wanted everybody to be aware of the stock price. And they wanted everybody working together to increase the stock value. Even in the technical meetings, everything revolved around Boeing stock prices.

JOHN OLIVER - HOST, LAST WEEK TONIGHT: Yeah, that's not reassuring. Because that's not where you want their priorities focused. No one wants to get on a plane and hear, "Good afternoon, this is your captain speaking. We had a few technical problems, but our maintenance crew has assured us that the stock price is still holding strong, so [00:35:00] let's get this big metal tube full of you and your loved ones up into the sky, shall we?"

And the culture change was solidified by the decision to relocate the corporate headquarters from Seattle, where their commercial planes were actually designed and built, 2,000 miles away to Chicago. Because, as their CEO put it, "When the headquarters is located in proximity to a principal business, the corporate center is inevitably drawn into day-to-day business operations." And yeah, It should be! You're essentially saying, hey, we're gonna be making big business decisions over here, so we don't need to be bothered with you nerds and your keeping planes in the air bullshit.

Now, CEO Phil Condit soon left the company amid a contracting scandal and was replaced by Harry Stonecipher, the former CEO of McDonnell Douglas. He was an aggressive cost cutter who pushed Boeing's management to play tougher with its workforce and to introduce the slogan, "Less family, more team." Which, frankly, would have been great advice for Phil Condit when he was choosing a romantic [00:36:00] partner.

Less family, Phil. You want to be a team, but like, not one that's related by blood.

Boeing Falling Apart w Katya Schwenk - The Majority Report - Air Date 2-11-24

SAM SEDER - HOST, THE MAJORITY REPORT: Katya, your work on this Boeing stuff has been really great. You've been on this beat now for weeks, and more, and just give us a little bit of the backstory that brought us to the point where people, you know, started to acknowledge, more broadly, that there is a problem with Boeing.

I guess maybe this acknowledgement may have come in the last week of the Trump administration too, but just give us that background.

KATYA SCHWENK: Sure. Yeah. I mean, the reason that Boeing, of course, has been in the headline, mostly for the last few weeks, has been that really shocking incident on an Alaska Airlines flight in which a door panel blew out shortly after takeoff, mid flight over Portland, Oregon, leaving the escaping hole in the side of a Boeing plane.

Obviously a really shocking moment—it seems basically miraculous that there were no serious injuries on that flight. And I think, in a sense, it's an isolated [00:37:00] incident. There's an ongoing investigation, trying to figure out what's caused it. But I think what we have tried to do, and what I think this incident has done, is really brought further attention to ongoing issues at Boeing that have been ongoing for years, as you alluded to.

Boeing is still dealing with the fallout from, you know, these really the devastating fatal crashes in 2018 and 2019, and, I think right now we're seeing new questions being raised about what happened there.

SAM SEDER - HOST, THE MAJORITY REPORT: Now, I'm obligated to ask you this question in your reporting. Have you found DEI is a big problem for this? Is it really like—I mean, I'm a half joking, I'm a hundred percent joking, but—

KATYA SCHWENK: There's no evidence that that is at all at issue here!

SAM SEDER - HOST, THE MAJORITY REPORT: Right.

In 2018/2019, just remind us of what happened, because it does, for the most part, center around the MAX— the 737s— for the most part, and the ones that [00:38:00] we had in 2018, or was it 2019, had to do with the software—had to do with the development of the plane, That was also sort of a function of changes that were happening at airports is my understanding.

KATYA SCHWENK: Yes. Yes. Boeing at that time was rolling out the MAX, the sort of new generation of the 737s. It installed a new sort of flight control system in my understanding to correct an engineering issue— you know, to bring the plane's nose down mid flight and, it was the system pilots were not well trained on that system.

What emerged from federal investigations into, Boeing's rollout of this new flight control system was that Boeing had hidden the full scope of it from federal regulators, leading to pilots not being fully trained on how this sort of corrective system worked in certain instances. And there was a faulty sensor that caused the system to activate and which then caused two planes to nosedive, and it was not able to be [00:39:00] stopped by the caused by the pilot causing these, really really devastating tragic crashes.

SAM SEDER - HOST, THE MAJORITY REPORT: Just to be clear, there were engineering fixes in other words like physical —I guess to put in the context of computers—hardware fixes that could have been done in the design of the plane that would have made it far less susceptible to pilot error, and also far less susceptible to needing to take it out of the hands of pilots.

They tried to patch it, essentially, with software as opposed to fixing like the engineering the actual construction of the airplane, and the speculation that they did, this was because to fix it with hardware is going to be more expensive than fixing it with software, and you're going to have to hire people—more people to construct these things and to retrofit the planes—and that cuts into shareholder value. And nobody wants that except for the people who want safe planes. So, [00:40:00] in the wake of those two accidents, what happened in the last weeks of the Trump administration?

KATYA SCHWENK: Sure. Just before Biden took office, there was a lot of speculation at that time of whether Boeing was going to face any criminal charges as a result of what happened. Again, there had been this investigation that indicated that Boeing was more aware of these problems and had hidden them, to an extent, from federal regulators so that Boeing would not have to delay its rollout with additional training for pilots, right?

That's the narrative that has emerged in investigations after the fact. And so there's a lot of speculations at that time of whether Boeing was going to face criminal charges for this, right? The company itself, and in the very final days of the Trump administration, literally days before Biden took office the Department of Justice brought a single charge of fraud against Boeing as a result of what happened—as a result of the fatal crashes, [00:41:00] but at the same time that it charged Boeing with fraud it also entered into a deal with Boeing which had been negotiated basically, essentially, in secret that allowed Boeing to—It's called a deferred prosecution agreement. Which essentially means that after a few years since the deal was signed, but if Boeing comes into compliance, if it pays, a criminal penalty you know, prosecutors would agree to drop the charges. And the distinction, I should say, from a plea deal in which Boeing would actually have to plead guilty, there'd be negotiations and more judicial oversight, and this case— from the very beginning, from the day the charge was brought against Boeing— there was this agreement that Boeing would not face prosecution. But, as I've written about what happened with the Alaska Airlines flight, with some of these issues we're seeing at Boeing suppliers— they are calling this deal into question.

EMMA VIGELAND - CO-HOST, THE MAJORITY REPORT: Well, they're calling it into question, I would imagine, now, of course, because it's affecting people in America, right? Like, what—

SAM SEDER - HOST, THE MAJORITY REPORT: Who's the "they" that's calling it into question?

EMMA VIGELAND - CO-HOST, THE MAJORITY REPORT: [00:42:00] Yeah. Well, that question as well. And I am curious about what your reporting found about maybe some differences in how the approach was taken because of the fact that this was in Ethiopia and Indonesia.

KATYA SCHWENK: Oh, absolutely. Absolutely. Yeah. I think it's—I think because of the fact that this was— I think the fact that this occurred outside of the U S in these countries was absolutely a reason why Boeing did not face the kind of criminal charges that we might have expected from a flight in which 346 Americans died, right?

And, I'm sorry, your other question—who "they" is calling into question. The legal teams for the victims of these families, or the families of these victims have been pushing against this deal since the moment it was signed back in January 2021. And in the wake of what happened with this flight in January, they are calling this deal into question once again.

Profit Over Safety Boeing Supplier Ignored Safety Warnings Before Door Blowout, The Lever Reports - Democracy Now! - Air Date 1-9-24

AMY GOODMAN - HOST, DEMOCRACY NOW!: David, welcome back to Democracy Now! Thanks for joining us from [00:43:00] Denver. Why don't you lay out what you just exposed?

DAVID SIROTA: Sure. Just a few weeks before the debacle over Portland, Oregon, court documents were filed by those shareholders that included allegations from safety officials—employees at the subcontractor—that basically allege a culture of defective products, a lack of quality control, and a retaliation—culture of retaliation against workers who were trying to sound the alarm. These workers say that they had found, as you said, excessive defects in the construction and production of these fuselages, that they tried to sound the alarm with corporate officials, with managers—including, by the way, the then-CEO of the company—and that they were retaliated against for raising those alarms.

And some of the specifics of the allegations relate to what we were now learning. The loose bolts [00:44:00] situation as one example. One of the workers alleges that the calibration of the tools that tighten those bolts—that they had found problems in the calibration of those tools and that they had gone to management and said, “We have a systemic problem here,” and, again, that those warnings were ignored and that in some cases workers were retaliated against for trying to raise those alarms. At one point one of the workers, in an email and in an ethics complaint at the company, says, effectively, “You’re asking us to report inaccurate information about the safety of the products that we’re putting out there.” the products, of course, being those components of the fuselage.

JUAN GONZALEZ - CO-HOST, DEMOCRACY NOW!: And, David, could you talk a little more about the relationship between Spirit and Boeing, given the fact that this is such a key component of a plane—the [00:45:00] fuselage—that it would be contracted out? Why did Boeing spin off Spirit to begin with?

DAVID SIROTA: It's a great question, but I can say this: The company at issue says that its most important piece of business is building these fuselages. So, when we call this company a subcontractor, it is—it's smaller than Boeing—but

we're talking about a publicly traded company. A big company whose primary business, whose main business, is producing this for Boeing—doing these fuselages, which, as you say, is an essential part of the plane. So, to be clear, this is not some small subcontractor that Boeing ignored or didn't know much about, right? This is a major company, headed now, by the way, by a former Boeing official—a former Boeing official who had served [00:46:00] in the Trump administration as a Pentagon official, and, of course, Boeing and the Pentagon have a huge relationship in terms of military production.

So, this is a big company, and it does raise questions about not only the FAA's oversight of the safety situation in building planes, but also in Boeing's own oversight of its own subcontractors and partners. To be clear, the FAA in the past couple years, has twice named Spirit AeroSystems in its allegations against Boeing related to the 737 and safety issues.

JUAN GONZALEZ - CO-HOST, DEMOCRACY NOW!: And what did you find in terms of the FAA's ability to conduct the necessary oversight over not only Spirit and Boeing, but, other aircraft manufacturers?

DAVID SIROTA: Look, experts told us [00:47:00] that part of the problem here is that there are now so many subcontractors, and the FAA has not had the funding necessary to do what these experts say is the necessary kind of inspections and oversight over these contractors, that it's now not just one central company. It's a company like Boeing, but with all sorts of subcontractors that federal officials haven't necessarily been supervising as tightly as they could/don't have, necessarily, the funding to supervise them.

Now, of course, this is a company that we're talking about, Spirit AeroSystems, that received \$75 million very recently as a federal subsidy during the pandemic. So, this company has also gotten government money, while at the same time these workers, in this federal complaint, are alleging, essentially, a culture of defects. A culture of fraud. A culture of [00:48:00] retaliation.

BONUS Horror in Baltimore Awful New Info Emerges About Six Missing Workers Part 2 - THE DAILY BLAST with Greg Sargent - Air Date 3-28-24

MAXIMILLIAN ALVAREZ: Right now, Donald Trump running for reelection is out there vilifying, demonizing people who look like me, people look like

Jesus, people who look like the men on that bridge people who look like my foster daughter and her friends, as subhuman people, criminals coming in to destroy this country.

And yet here we have a clear cut example of what we're actually doing in this country. We're not ruining it, we're trying to make a life for ourselves like everybody else. And i'm not even going to get into all the particular reasons that migrants, particularly from places like Central America where the U.S has been waging CIA backed coups, backing dictators ousting democratically elected presidents yada yada yada fomenting drug wars. The U.S. has a very heavy hand in creating the " migrant crisis" that we like to complain about every election year, but we can set that aside for now. The point being is that at the same moment that you have a ravenous right wing in this country fascistically [00:49:00] demonizing and dehumanizing people like the workers on this bridge. This is not anything new but it does show just how ignorant we actually are about the kind of lives that people in this position live and the ways that our economy is built to exploit them.

GREG SARGENT - HOST, THE DAILY BLAST: It's hard to overstate how in this area, in the DMV area, meaning D. C., Maryland, and Virginia, it's hard to overstate how important immigrants are to our collective well being here. Aaron Reikland Melnick, who's a great immigration analyst, pointed out that an enormous number of people from El Salvador are doing construction in this area. They're literally building. building this region and driving its growth, and that's true in many other areas. And stories like this one open a window on that, but the weird thing is that the window remains open very briefly, and then it just closes again,

MAXIMILLIAN ALVAREZ: Right. I think that's what happens when you live, not to get all lefty meta on you, but [00:50:00] again, I come to this conclusion from experience from interviewing the victims of capitalism, the victims of this exploitative economy, the people who are bearing the scars of an economy that treats and sees most of us is nothing more but disposable meat bags, whose bodies are the proverbial grist for the mill to be ground down and discarded when we have nothing left to give.

This is the state of most workers in this country and that goes double for workers in dangerous industries, industries where there is a lot of rampant contracting, subcontracting, the exploitation of that relationship. It's because of the contractor/contractee relationship that you can have situations like the Hyundai parts supplier in Alabama, where migrant children were found to be working and supplying parts for Hyundai, and Hyundai could still turn around and say, "well, that's not us. That's one of our contractors. So we're not

responsible." That's how they do it, but if you would [00:51:00] magnify that out across the country, that's how you end up with migrant farm workers right now in the year of our Lord, 2024, working in this country in slave like conditions in places like Florida to pick the tomatoes that go on the Wendy's cheeseburgers that we eat, to say nothing of the workers who are doing construction outside, who are dying of heat stroke in places like Texas at the same time that Governor Greg Abbott and the Republicans are stripping mandated water breaks for outdoor workers. This is something we've also been reporting on at the Real News Network.

This is what happens when you have a culture that just devalues life, devalues labor, devalues the people who do these essential jobs and make our economy run. So not only are migrant workers, doing a lot of hard thankless jobs that we depend on, but they are dying doing it, and construction is one of the places where that happens.

GREG SARGENT - HOST, THE DAILY BLAST: We seem to [00:52:00] have a kind of schizophrenic attitude towards immigrant workers. During the pandemic, we relied on them heavily to keep our society going during the lockdown, and we honored them by calling them essential workers, but that's all faded. And we're back in a place where Trump and his movement are demonizing migrants as a threat to American's livelihoods and worse. I don't understand why we as a society and why more public officials aren't standing up and saying, we relied on immigrant workers when the chips were really down, let's do right by them now.

BONUS Boeing Part 2 - Last Week Tonight with John Oliver - Air Date 3-7-34

JOHN OLIVER - HOST, LAST WEEK TONIGHT: But the problems with the whole "stock price first" approach soon became apparent during the production of the 787 Dreamliner. It was a new, lighter plane that Boeing announced in 2004. But Stonecipher drastically cut the R & D budget--you know, the money for creating the plane--even as the company authorized large stock buybacks and dividends for investors. Under his plans, the Dreamliner would be developed for less than half of what their previous new plane had cost. Boeing also sought savings by outsourcing [00:53:00] production to about 50 suppliers, each of whom was responsible for managing its own subcontractors. So basically, the plan was for Boeing to create the plane the same way someone creates a gingerbread house from a kit. Essentially, assembling a bunch of pieces other people made, leading to a finished product that, structurally speaking, was always going to be a fucking mess.

And years later, Boeing itself produced a promotional video that admitted that plan was a fiasco.

NEWS CLIP: Executing a project of such complexity proved to be more than some suppliers could handle. Wrinkles were found in the composite skins from one supplier. Fasteners were incorrectly secured on sections of the tail. There were gaps between units that were supposed to fit tightly together.

We had our partners, and then they had partners who had partners, and the different cultures and the communication was very challenging and added a lot of complexity.

JOHN OLIVER - HOST, LAST WEEK TONIGHT: You know, it's never a [00:54:00] great sign when you're talking about the manufacturing process for a plane, the same way a doomed open thropple talks about their private life. We had our partners, and then they had partners who had partners, and communication was very challenging, and that did a lot of complexity, and long story short, now we all have chlamydia.

And on top of that, Stonecipher was forced to resign in the wake of an affair with a Boeing VP, and was replaced by the company's third CEO in as many years, Jim McNerney, who, if anything, accelerated the cost cutting.

But despite all the setbacks from outsourcing, Boeing managed to roll out the Dreamliner on time in an elaborate ceremony in 2007.

Except, there was one small catch.

UNKNOWN SPEAKER: We were all inside the factory with artificial lighting, big stage, Tom Brokaw, huge screens.

Then they opened the doors of this giant assembly bay and in rolls this beautiful, beautiful aircraft.

We learned that the whole thing was a sham.

NEWS CLIP: Beautiful, isn't it? [00:55:00] Absolutely beautiful.

I realized the doors were made of plywood.

UNKNOWN SPEAKER: This plane that we were admiring was completely a shell inside.

NEWS CLIP: What I realized walking around it is that you could look up in the wheel well, and you can see daylight.

JOHN OLIVER - HOST, LAST WEEK TONIGHT: Wow! What a historic moment! So exciting to see the unveiling of the first airplane made entirely out of plywood and lies!

The plane was supposed to take its first test flight within two months of that launch, but unsurprisingly, that didn't happen. In fact, the Dreamliner didn't carry commercial passengers for years, finally delivering planes three years late, and \$25 billion over budget.

And almost immediately, there were problems. Multiple planes had fires on board, including two in Boston and Japan, within nine days of each other, which investigations link to a defective battery made by a subcontractor that Boeing had never audited.

So the FAA grounded the Dreamliner, the first time it had grounded an airplane model since the McDonnell [00:56:00] Douglas DC 10 in 1979. Again, making it pretty clear that the wrong attitude had prevailed after the merger. Basically, the wrong camel came out on top. LAUGHTER

And investigations revealed that even people building the Dreamliner were worried about its safety.

In 2014, Al Jazeera released hidden camera footage of a worker at a Dreamliner plant asking fellow employees a pretty pointed question.

WORKER VIDEO: Would you fly on one?

Um, no.

Would

you fly on one of these planes? I thought about it not really Would you fly on one of these motherf*ckers Probably not I wouldn't fly on one of these? planes You wouldn't Why wouldn't you

Because I've seen the quality of the f*cking sh*t going down around here Would you fly on

one

of these Yeah, it's

but these Yeah but it's sketchy. It's sketchy? Yeah I probably would but I mean, I have kind of a

death wish too

JOHN OLIVER - HOST, LAST WEEK TONIGHT: death wish too.

It's true! Out [00:57:00] of 15 workers he asked, ten said they wouldn't fly on that plane. And honestly, that last guy is almost worse. Because if I had to pick between a plane that two thirds of workers refuse to get on, and one that would only be ridden by Death Wish Dave, I'd pick the former every time.

But while the Dreamliner had its problems, at least it never had a fatal accident. But that cannot be said for Boeing's next plane, the 737 MAX.

In 2011, as Boeing was rolling out the Dreamliner, its main competitor, Airbus, was unveiling the A320 NEO, a fuel-efficient update of their already popular A320 planes. And it was a wild success. Boeing, caught completely off guard, quickly announced a new fuel-efficient plane it hadn't even engineered yet, the 737 MAX. And they wanted to get it out of the door as quickly and as cheaply as possible. McNerney even had a catchphrase, "More for less," which became the company's driving theme as it embarked on the MAX.

And all the while, [00:58:00] under McNerney and his successor as CEO, Dennis Mullenberg, Boeing continued to sign off on massive stock buybacks. From 2014 to 2018, Boeing diverted 92 percent of its operating cash flow to dividends and share buybacks to benefit investors, far exceeding the money that it spent on R & D for new planes.

BONUS The Real Story Behind Boeing's Open Door Deregulation Scandal - Thom Hartmann Program - 3-18-24

THOM HARTMANN - HOST, THOM HARTMANN PROGRAM: There's been all this talk about Boeing. When we flew to Costa Rica and back, we flew on Boeing aircraft, and on the way back, it was one of those Maxx jets, and we were all texting each other with jokes about, "are you near the window?", "Are you going to unfasten your seatbelt?", "Don't be by the exit doors" and all this

kind of stuff. But the fact of the matter is that Donald Trump, and I don't know why the media doesn't ever mention this stuff, but, in 2017, Donald Trump signed Executive Order 13771, which directed the Federal Aviation Administration to allow the airlines to self certify their safety.

[00:59:00] So, the 737 MAX, remember the two planes that crashed, killing hundreds and hundreds of people, and then they discovered it was a software glitch? That was self certified. The FAA was not involved in that certification process the way that they traditionally had been because of this executive order with Donald Trump. He signed a second one on, let me get the date of the second one, I believe it was in 2019. I don't have the second one. By the way, Joe Biden rescinded both of these on January 21st, his first day in office 2021. But from 2017 until 2020, Boeing did not have to have the kind of federal safety inspections, they did not have to have the kind of disclosures that many argue could have prevented this.

This is from an article at Forbes magazine. The headline at Forbes, *Did Trump Executive Orders Further Weaken FAA Oversight?* And they say, "Certification of the Flight Control System on the Boeing 737 MAX is [01:00:00] suspected to play a role in two deadly crashes... the FAA was acting within its policies and procedures by accepting Boeing's proof of the soundness of the system." Why? Because of Trump's executive orders. And this is from Forbes, a capitalist tool, this is not some anti-Trump partisan rant. "shortly after taking office, President Donald Trump signed Executive Order 13771. It was titled the Reducing Regulation and Controlling Regulatory Costs order, requiring that the U.S.. Department of Transportation actively identify and cut back on regulations deemed cumbersome or costly to business, and required the elimination of two or more regulations for every new regulation added. The mandate of a second executive order, 13777, which was titled Enforcing Regulatory Reform Agenda, was to start this effort immediately."

So, his first effort, his first executive order said, just let Boeing tell you if [01:01:00] everything's good, and that should be enough. And his second executive order said, and you damn well better start right now, in 2017.

So, again, back to Forbes magazine, "this move may have tipped the balance, with the FAA forced to put the interests of business ahead of aviation safety. By June of 2017, the group," and they're talking about an airline safety group, ARAC, an organization looks at airline safety. "By June of 2017, the group had compiled 150 pages with over 300 suggestions of potential regulations that could be pulled off the books."

So, you wonder why planes, Boeing planes specifically, are falling out of the sky? Apparently not so much anymore, but were. You can thank Donald Trump and the right wingers. And like I said, Joe Biden reversed that his first full day in office.

Final comments on the threat to society of runaway corporate executive pay

JAY TOMLINSON - HOST, BEST OF THE LEFT: We've just heard clips today, starting with *The Daily Blast*, discussing the fate of the workers who were on the Key Bridge when it collapsed. *The Real News* made direct [01:02:00] comparisons between the bridge collapse and the train derailment in East Palestine, Ohio one year ago. RJ Eskow on *The Zero Hour* discussed the Baltimore disaster in the context of infrastructure investment more broadly. *The Real News* looked at the structural lack of oversight and prevention that allowed the bridge collapse to happen. *The Real News* then also spoke about the lax policies of rail corporations that are putting workers and everyone else at risk. *Last Week Tonight* with John Oliver broke down how Boeing prioritize their stock prices over safety and the quality of their airplanes. *The Majority Report* got into how Boeing has so far managed to avoid criminal charges for their deadly carelessness. And *Democracy Now!* looked at some of the systemic problems preventing Boeing employees and contractors from identifying problems to be fixed.

That's what everybody heard, but members also heard bonus clips from *The Daily Blast*, which continued their conversation about labor being thought of as disposable. *Last Week Tonight* [01:03:00] got more into the details of the corners being cut by Boeing while designing new planes. And *The Thom Hartmann Program* exposed the Trump administration role in allowing Boeing to self-certify their safety standards. To hear that and have all of our bonus contents delivered seamlessly to the new members-only podcast feed that you'll receive, sign up to support the show at bestoftheleft.com/support, or shoot me an email requesting a financial hardship membership, because we don't let a lack of funds stand in the way of hearing more information.

Now to wrap up, I wanted to look a bit deeper into the role of executive pay in the kinds of disasters we're seeing that stem from a greater focus on stock price than product quality, safety, or even the long-term viability of a company. I think this issue is not really all that complicated, but the details make it sound complicated. So, we're going to go through things step by step.

We start back in the George H.W. Bush administration, [01:04:00] when executive pay was really just starting to come under scrutiny. A *Politico* article from 2016 titled "The Failure of Bill Clinton's CEO Pay Reform" whimsically opens the story this way: "President George H.W. Bush's January 1992 trip to Tokyo will be forever remembered as the time he vomited in his Japanese host's lap at a fancy banquet. What made Americans more nauseated though, was the stark contrast between the 12 overpaid American CEOs who accompanied Bush on the trade promotion trip and their modestly compensated yet high performing Japanese counterparts. Twenty-four years ago, the American CEO's and the President's diplomatic entourage made a small fraction of today's typical payout, just \$2 million a year on average, [01:05:00] but that was still five times as much as their Japanese counterparts earned".

Now from there, the way the story goes is that Bill Clinton ran for office with a promise to reign in skyrocketing CEO pay. But then when he got into office, the legislation that was passed unintentionally had the opposite effect. But I think that story is both true and also a little misleading. The first thing to understand, for context, is that a business's expenses reduce the amount of tax a company has to pay to the government. So, if there was a company that brought in a million dollars, but they also paid out a million dollars in salaries to all of their employees, then the company itself wouldn't owe any taxes because they had no profit, it was all spent on the expenses of salaries. Now, those individual employees would have to pay their own income taxes, as we all do, but the company wouldn't. So, with that in mind, [01:06:00] what was the original idea for Clinton's legislation?

Well, the original idea didn't come from Clinton. It came from a Congressman named Martin Sabo and it wasn't just about reducing executive pay. It was supposed to be about looking at the pay going to all employees of a company and connecting them by limiting the highest paid person to earning 25 times the income of the lowest paid person. Basically, if the company is doing so well that the top executives deserve a big pay raise, then everyone else should share in that prosperity as well. And that's the idea that really gets to the heart of the matter, because the problem isn't so much about incomes being too high; it's about income inequality being bad and fundamentally destabilizing to a society.

But even that original 25-to-1 ratio salary cap idea wouldn't have made it illegal to pay executives more than 25 times what their low paid employees [01:07:00] earned. It just suggested that any additional executive pay be taxed. So, let's say that a company's lowest paid employee was making a \$1,000 a month. And the highest paid employee was making \$25,000 a month, 25 times more. All of that money the company is spending on salaries is tax deductible under this proposed legislation. But let's say that company decides to pay the top earners

more anyway, without raising anyone else's salaries. That's perfectly allowed. The difference is that the company would pay extra in taxes for every extra dollar they paid to their highest earners. But to be clear that comes out with a company funds; no individual working for the company has to cough up any more money. They just have to find the money from some other part of the company budget, like, say, their R&D budget, or something like that. But we'll get back to that later.

So, that was the original proposal. What did Clinton actually do? Well, first, they got rid of that [01:08:00] 25-to-1 ratio idea altogether. The final legislation had nothing to do with linking the highest paid and lowest paid workers together. Instead, they just put a flat cap of a \$1 million a year of tax deductible executive pay, and anything above that would be taxed on the corporation. But they didn't stop there. And this is the part where the story says that Clinton inadvertently incentivized higher CEO pay rather than helping to reduce it. Clinton's economic advisors, with the exception of Robert Reich, convinced him that there should be an exception to the rule for pay tied to the performance of a company. Which seems like a good incentive. I mean, everyone wants companies to do well, make good things, pay people good wages for their work, et cetera. So, if a company is doing well, then why not let the people responsible—the executives—earn more based on performance?, they thought.

There's only... several problems with all of those assumptions, but [01:09:00] it does almost make sense. So, performance-based bonuses and compensation in the form of company stock, which is inherently connected to the performance of the company—capitalists will have you believe—can be paid in unlimited tax deductible amounts to executives. Here are the several things wrong with that thinking. There is a big difference between short-term performance and long-term performance in a company. Short-term performance might look like cutting your workforce and cutting as many corners as you can find in producing your, let's just say, airplane, for instance; in short: disinvestment, that makes your profit to loss ratio look better, 'cause you're still earning money, but you're cutting your expenses. Long-term performance requires long-term thinking, a dedication to quality (which costs money) the maintenance of a workforce full of longtime employees with institutional memory who are good at their jobs; in short: [01:10:00] investment, that makes profit smaller in the short term but more sustainable over the long-term.

So, limiting executive salary pay, and not limiting pay through stocks, actually disincentivizes longterm thinking and healthy investment in company quality, safety, and workforce. And that's where the story stood for a long time, a straightforward shift in incentives led to a straightforward change in the priorities of companies and an overall enshitification of those companies

resulting in doors falling off of airplanes and such. But *ProPublica*, back in 2016, commissioned a study to look at the effects of the Clinton-era law on executive pay, both regular salaries and their extra bonuses and stock options. And the really interesting thing that came out of that study is that, although both types of pay have gone way, way up, the type of pay that's supposed to be limited [01:11:00] by the tax incentives went up faster—up 650%—while the unlimited style of pay went up only 350%.

So, in short, the corporate tax incentive plan that was supposed to curb executive pay, didn't just possibly help incentivize higher pay through stocks and bonuses, it's also basically being ignored regarding salaries. Companies are paying executives way above that salary cap. And then they're just paying the extra taxes to go along with it. Which brings us to the other fundamental problem with the thinking behind that original law. Back in the early nineties, apparently, people still thought that corporate board members probably really cared about their companies and would want to spend the corporate money really carefully, as if it was their own or something. There were still in that economists' delusion that we're all *homo economicus*, rational thinkers combined with the old [01:12:00] corporate-governance-by-honorable-gentlemen fallacy. In reality, corporate board members who dictate CEO pay are basically being given this scenario:

Hey, you got on this board because the CEO wants you here. Welcome! And, you get paid to be on this board. Fun! The CEO wants you to pay them a lot of money. Unsurprising! But here's the catch: If you give the CEO some of the corporation's money, after the CEO helped you get some of the corporation's money, then the corporation, which is in no way human and will feel no pain of betrayal, will have to pay a very small fine in the form of taxes to the government that will never impact you or anyone else in the management who you're friends with.

What do you do? This isn't a matter of corporate economics and good governance. It's now a matter of behavioral economics and a [01:13:00] culture of exorbitant pay that now perpetuates itself. Pay as high simply because it's believed that it must be high. It is taken as an article of faith that extremely high pay is required to attract top management talent. But this is only true because it's a social collective problem, not because good people would actually refuse to work for less, even if that were the cultural norm. In this established set of norms, it's true that a company offering to pay only \$1 million a year may find it hard to attract qualified people because those same people could likely make 30 times more than that working somewhere else. So, only across the board regulation, likely similar to what was originally proposed with an enforceable

pay ratio limit between top and bottom earners, will be able to bend that culture into a fundamentally new shape.

The 25-to-1 pay ratio that was proposed back in the [01:14:00] nineties, by the way, is already way higher than the average ratio that existed back in the middle of the last century when we were doing a pretty good job building the middle class. Back then 15-to-1, or even less, was normal. The current ratio is between 250-to-1 up to 400-to-1, depending on how you measure. So, the door plugs and wheels falling off of Boeing airplanes should really just be seen as metaphors for the doors and wheels falling off of society, as supporters of right-wing populism desperate for an answer to the problems of neo-liberalism that we're all feeling, but who are misled away from accurately diagnosing the cause of those problems, threaten to tear society apart in frustration.

That is going to be it for today. As always keep the comments coming in. I would love to hear your thoughts or questions about this or anything else. You can leave us a voicemail or send a text at [01:15:00] 202-999-3991, or simply email me to jay@bestoftheleft.com. Thanks to everyone for listening. Thanks to Deon Clark and Erin Clayton for their research work for the show and participation in our bonus episodes. Thanks to our Transcriptionist Quartet, Ken, Brian, Ben, and Andrew, for their volunteer work helping put our transcripts together. Thanks to Amanda Hoffman for all of her work behind the scenes and her bonus show co-hosting. And thanks to those who already support the show by becoming a member or purchasing gift memberships. You can join them by signing up today at bestoftheleft.com/support, through our Patreon page, or from right inside the Apple podcast app. Membership is how you get instant access to our incredibly good and often funny bonus episodes, in addition to there being extra content, no ads, and chapter markers in all of our regular episodes, all through your regular podcast player. You'll find that link in the show notes, along with a link to join our Discord community, where you can also continue with the discussion.

So, coming to you from far outside the conventional wisdom of Washington [01:16:00] DC, my name is Jay, and this has been the *Best of the Left* podcast coming to you twice weekly thanks entirely to the members and donors to the show, from bestoftheleft.com.