

American airlift capability in doubt

by Anthony K. Wikrent

After years of disinvestment in U.S. commercial airlift capacity, enforced by the deregulation of the air transport industry, the United States is now suffering from inadequate capability to move large amounts of material—either military or commercial—by air. The aircraft just aren't there. Even without the Boeing strike which began Oct. 3 and involves 60,000 unionists, the aircraft wouldn't have been there for a long time to come.

And, even if the aircraft are delivered by the manufacturers, the rapidly increasing financial difficulties of highly indebted airlines may make it impossible for the cargo carriers to pay the bill when it is presented by the manufacturers.

The shortage is so serious, that when the U.S. Military Airlift Command mounted an emergency airlift of 160 aircraft in September in response to Hurricane Hugo, it seriously disrupted military air transportation around the world. The difficulty encountered in mounting a 160-plane airlift (airlifting just one of the Army's light infantry divisions requires 500 aircraft) provides the proper backdrop with which to view the International Association of Machinists' strike at Boeing, and the scramble by air cargo companies to refit retired passenger jets for service as cargo carriers.

The Airlift Command was forced to postpone more than 100 military air transport flights, because it was unable to charter commercial air freighters to fly military cargoes on such short notice—because the commercial companies have no spare capacity. The lack of enough cargo planes has started to push air cargo carriers, Japan Air Lines, raised its rates for flights to Japan by 22% at the beginning of October, to \$1.10 per pound. Rates from Japan are more than double that, reflecting the U.S. life-or-death dependence on Japanese imports.

There are so few cargo aircraft left, that the carriers have bidded up the price of old passenger planes, which they intend to convert into freighters, to two or three times the original purchase price. Most of the original Boeing 747-100 passenger jets, which sold new for \$25 million, have been converted into freighters. Cargo carriers are now bidding at least \$60 million to buy old 747-200 passenger jets, with some asking prices recently reported to be as high as \$75 million. Converting each plane, which involves remov-

ing the entire passenger cabin interior, cutting a 10-by-11-foot door in the side of the plane, and bracing the floor and the fuselage to receive cargo-handling machinery, costs another \$18 million. But since the conversions lack a nose door, essential for the handling of large cargo, such as machine tools, the cargo companies are not really satisfied with the conversions.

The price for the new 747-400 freighter is \$120 million, but Boeing will not complete the first one until late 1993, for Air France. The entirety of Boeing's production capacity until then will be devoted to filling existing contracts for 747-400 passenger jets. McDonnell Douglas will have its new wide body MD-11 cargo planes rolling off the assembly lines within the next year or so, but the MD-11 is just not as large as the 747-400.

Boeing now has a \$80 billion, ten-year backlog of 1,603 new plane orders. This is an abrupt reversal of the situation Boeing found itself in during most of the deregulated 1980s, when fierce competition cost the airlines so much money, that they were forced to defer purchasing new aircraft. But in the past two years, a series of accidents caused by corrosion and structural fatigue of aged aircraft, has forced airlines to place a large volume of orders for new planes.

The folly of deregulation

Earlier in the decade, when new orders were scarce, Boeing was able to convince its employees to forego any pay raises, and even grant concessions in 1983 and 1986. Boeing workers have not had a real rise in pay since 1980. But airlines and leasing companies now have ordered 736 planes worth \$38.5 billion so far this year. With the sudden flood of new orders, Boeing has been hiring 400 new employees a month, and mandated that workers put in 200 hours of overtime each quarter, as it struggled to increase production from 27 to 34 planes a month—four times the output of just two years ago. Just before the strike began on Oct. 3, some workers had been putting in 40 hours of overtime a week.

Besides wanting more money, the major goal of the International Association of Machinists is to get Boeing to agree to a significant reduction in overtime hours. Some workers have reported working 12 hour days for 30 days straight. "You walk around the plant like a zombie," one Boeing worker told the *New York Times*. "We're out here building most of the world's airplanes, trying to make sure Grandma doesn't fall out of the sky someday, and we're just dog-tired." Other workers reported that they had no time left for their families; some marriages are reported to have broken up as a result.

Production facilities of the aircraft manufacturers are now so tautly stretched, it has become impossible for cargo companies to get some replacement parts for their aircraft. Some cargo companies have reported that they are now forced to manufacture their own parts, from plans supplied by the original builder. This is especially the case for McDonnell Douglas DC-8s and DC-9s.