

The Case of Boeing: No Return to The Failed Era of Financialization

by David Christie and Michael James Carr

April 18—The parasites of the City of London and Wall Street will attempt to present the accelerating collapse of their system as being caused by the outbreak of COVID-19. In fact, it is the opposite—their system of financial speculation and cannibalization of the physical economy has dragged the potential to support life on this planet down to the point that the lower life-forms can now take over.

That is not a process that started with the crash that began in September 2019, nor with the Federal Reserve’s emergency repurchase market operations (before the outbreak of COVID-19), nor did it begin with the meltdown of 2008. The genesis of this collapse came in 1971, as Lyndon LaRouche had forecast, when the Bretton Woods System of Franklin D. Roosevelt was dismantled, and rampant speculation and the looting of developing nations began at the bayonet of the British Empire’s military-industrial complex. But the moral genesis of this collapse came on the back of our cultural revolution of the late 1960s. A generation turned to drugs, hedonistic sex and bad music, leading to further degeneration. We turned our backs on the cultural progress initiated by Franklin D. Roosevelt and his New Deal, and carried forward by John F. Kennedy and his Apollo Program.

In business and academia, this cultural revolution was manifest in the irrational ideas that became dominant: environmentalism; information theory; and monetarism and its relative, Milton Friedman’s shareholder value. Under these ideologies, our national infrastructure decayed and was systematically dismantled, while

our productive corporations were increasingly financialized, broken up and moved away.

Our nation’s historic enemies in the City of London and Wall Street gloated about foisting this cultural revolution upon us, and openly said they intended to collapse potential global population growth by reducing our scientific and technological capabilities. This was best illustrated in the takedown of the Apollo Program, when British operatives at the Tavistock Institute insisted that Project Apollo engendered too much optimism, eliciting calls for it to be shut down. This thinking seeped into our productive enterprises and was aptly expressed in a statement by former Boeing Company President and CEO, James McNerney, who [told](#) financial analysts that running a company on the basis of “every 25 years a big moonshot—produce a 707 or a 787—that’s the wrong way to pursue this business. *The more-for-less world will not let you produce moonshots.*”

McNerney was absolutely correct that the “more-for-less world,” especially from a financial standpoint, will not let you produce moonshots, since that world cares naught for actual human progress, but for short-term, distributable profits. McNerney, as explained below, was at best a victim of this mentality—at worst one of its progenitors.

Now COVID-19 and the resulting global crash of air travel have intensified all of Boeing’s accumulating failures into a company crisis, inclusive of the steady stream of cancellations of orders turning into an avalanche for its leading product, the 737 MAX. The Boeing Company is specially designated for a Federal



Jim McNerney, Boeing President and CEO, 2005-2015.

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bailout; but—like many other large and small companies, which will be or already are “retooling” for medical supplies production demanded by a new world health system—Boeing also cannot be allowed to return to its entrenchment with quick profits, “software short-cuts” and Exim Bank guarantees. It must have a new management and a new mission at the frontier of technology for mankind.

What Crashed Boeing?

Just as the current financial crisis preceded the outbreak of COVID-19—becoming visible in the Fall of 2019 in the Federal Reserve’s desperate struggles with the interbank lending or “repo” market—Boeing’s problems also preceded the outbreak of COVID-19. They ultimately stem from its own “cultural revolution,” in which senior management turned their backs on engineers rooted in a comprehension of universal principles such as those found in aerodynamics, and

liner which would be as efficient as the new competition, but which would not require an FAA “Type Certification” and would not require much additional training for 737 pilots certified on any other recent generation 737. The organized deception which resulted had demoralized numerous Boeing engineers, as indicated below, even before it killed almost 350 passengers and reversed decades of progress toward almost complete air traffic safety.

The company’s management decided to claim that the new design, with the new engine configuration, is just another slight modification of the 737 family of airliners, when in fact, it had different flight characteristics than previous 737s. Instead of getting a new FAA “Type Certification” and establishing new pilot training requirements, the FAA was told that the MAX would handle just like any other recent 737 and that no elaborate FAA certification would be needed, nor would elaborate pilot training with simulators, or maintenance



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The Boeing 737 MAX-8 (l.) and its major competitor, the Airbus A-320 Neo.

embraced the cult beliefs of environmentalism, information theory and shareholder value.

By now, the story of the demise of the 737 MAX-8 is well known. To increase fuel efficiency for its 737 work-horse plane to compete with the Airbus A-320 Neo, Boeing repositioned larger engines forward and upward on the plane, foregoing a costly complete engineering redesign and prolonged review from the Federal Aviation Administration (FAA) and other regulators. To compensate for the redistributed weight of the new engines, Boeing employed a software fix. Boeing’s engineers would have preferred that it build a completely new aircraft to better compete with the Neo. But the marketing people wanted to be able to sell an air-

training. To support the claim that the MAX would handle like the previous 737s, MCAS (Maneuvering Characteristics Augmentation System) software was interposed between the pilot and the controls. And the minimal pilot training, fatally, did not make clear how to turn off or override the MCAS in the case that the MCAS failed or responded to false sensor information.

In reality the MAX is a new aircraft type which requires all of the scrutiny and training required of a new design—that is why it has now been grounded for so long. Boeing management’s decision to conceal this was certainly immoral, possibly criminal.

The loss of these lives is incalculable. The loss to Boeing’s “ironclad” profitability in the 21st century is

being calculated. Boeing reported its first annual loss since 1997 as the costs associated with the 737 MAX had doubled to about \$19 billion. Airlines with unfulfilled orders were massively impacted and airline pilot associations began to file lawsuits. And of course, Boeing was not the only company affected by the crisis around the 737 MAX. Industry insiders and economists generally estimate that Boeing and other large aerospace corporations have a ten-fold impact on the approximately 8,000 companies they support, such as machine shops, metal fabricators, composite materials manufacturers, and many others—some that have important work in other fields like medical instruments, spectroscopy, etc.

To add insult to injury, consider that according to media reports, the subcontractor Boeing hired for the MCAS “software fix” was a company based in India that was paying recent college graduates \$9.00 an hour.

To many in Boeing, this had not been their culture. When did it all change?

Boeing’s Cultural Revolution

Many Boeing insiders would say that their problems began with the merger with McDonnell Douglas. As the story goes, Boeing’s merger took what was often described as a family business run by engineers and shifted the culture away from quality in production towards quantity of money. This type of shift had certainly been the dominant trend of many corporations globally, who pursued short term profits by setting up financial shell operations that funneled profits from their productive side into the shell’s speculative gambits. The “Economic Hitmen” of London and Wall Street targeted all companies with these scams, luring the suckers, and eliminating those who opposed them.

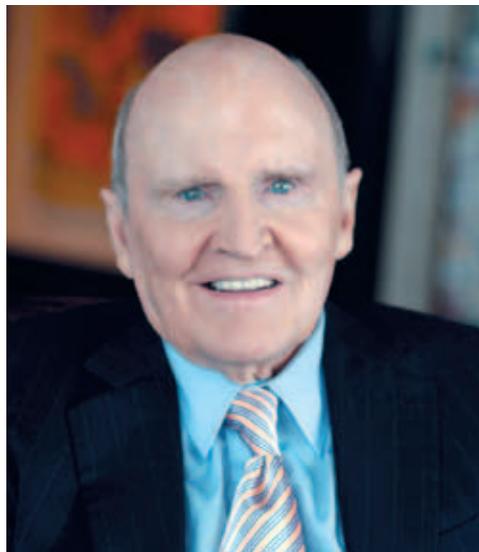
No corporation could be more emblematic of this shift than General Electric (GE), whose fate would ultimately be tied in many ways to Boeing. GE came into being as a consolidation of the various companies set up by Thomas Edison. Those mergers were facilitated

by Drexel, Morgan and Company—jointly owned by Anthony Drexel and J.P. Morgan—who had funded Edison’s research; but through the mergers, Edison General Electric Company (now just General Electric) came under the command of Wall Street. J.P. Morgan and his institutions were the core of British imperial financial operations inside the United States. They were the aegis for the geopolitical program to bring the United States back into the fold of British control, in large part by the takedown of our productive capacity and the shift in control of the dollar and its gold reserve back to the City of London.

However, under the leadership of Franklin D. Roosevelt, powerful companies, including Morgan’s and Mellon’s, were brought to heel under the Glass-Steagall Act, and credit was made available through agencies like the Reconstruction Finance Corporation, for national missions like the Tennessee Valley Authority and then the World War II mobilization. After the war, Roosevelt’s Bretton Woods initiative kept U.S. and European growth, productivity and wages rising for more than 20 years. But his mission of retooling these companies to produce to build up the developing nations of the “third world” was, for the most part, aborted.

In the 1980s’ cocaine-fueled aftermath of London’s destruction of the Bretton Woods system, and nearly ninety years after Thomas Edison had started his operations, Jack Welch—“Neutron Jack,” as he would come to be known for clearing out people while leaving the buildings intact—became the youngest CEO in GE’s history and the torchbearer for an era of the downfall of important and productive corporations. As part of the takedown of the productive side of GE, Welch oversaw the creation of GE Capital, sometimes referred to as “The House That Jack Built.”

As many productive industrial and manufacturing corporations did during this period, GE used the proceeds of its productive enterprises to funnel money from hard-earned scientific and physical work into the



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John Welch, Jr., Chairman and CEO of General Electric, 1981-2001: “We make money, not products.”

sinkhole of a casino operation run by Wall Street and its parent company, the City of London. GE Capital grew assets to \$160 billion by 1995. It doubled in size by the year 2000 when assets grew to \$332.6 billion, and nearly doubled again by 2008 when it topped out at a peak of \$637 billion. Then it was strangled by the global financial crash when the market for commercial paper froze. At the end of 2014, having been bailed out, GE Capital's assets were just over \$500 billion, positioning it as the 7th-largest bank holding company in America, just behind Goldman Sachs and Morgan Stanley, and just ahead of U.S. Bancorp, Bank of New York Mellon and PNC.

While GE's productive capabilities languished, the recently deceased Welch would say, as he did, "We make money, not products."

Welch's Missionaries Spread Plague to Boeing

Boeing was known as a family-run business where the engineers called the shots, and "moonshots" were preferred—but that all changed with Boeing's merger with McDonnell Douglas in 1997. Whether or not there were problems with Boeing's decision-makers before the merger, their increasing shift towards financialization and general stupidity certainly advanced after the merger. Harry Stonecipher, one of Jack Welch's acolytes from GE, was the president and CEO of McDonnell Douglas at the time of the merger with Boeing, and would immediately become the president and chief operating officer of the Boeing Company. The merger has often been characterized as "McDonnell Douglas taking over Boeing with Boeing's money," because of the poor productive and financial state of Boeing's old rival. Shortly after the merger, Boeing made the monumental shift of its corporate headquarters from Seattle to Chicago, completing the move exactly one week before September 11, 2001.

Chicago is home to the Chicago Mercantile Exchange (CME), which boasts of being the world's leading commodity futures exchange, trading in financial instruments for interest rates, equities, currencies and commodities. As the rules of survival for corporations



FEMA/Mike Howard

Phil Condit, Chairman and CEO of Boeing, 1996-2003 (right), and Tom Ridge, Secretary of Homeland Security.

in London's and Wall Street's game depended on their financialization, perhaps being close to the CME was relevant, especially as the sale of airplanes or fleets often involved commodities, or money collateralized by commodities. The move to Chicago is often said to have been motivated by tax incentives. Still others say that the motivation was to break the corporate leadership away from the engineers and machinists that made up the actual core of Boeing's capabilities.

The Atlantic covers Boeing's headquarters move to Chicago in its [article](#), "The Long Forgotten Flight That Sent Boeing Off Course," by Jerry Useem:

For about 80 years, Boeing basically functioned as an association of engineers. Its executives held patents, designed wings, spoke the language of engineering and safety as a mother tongue. Finance wasn't a primary language. Even Boeing's bean counters didn't act the part. As late as the mid-'90s, the company's chief financial officer had minimal contact with Wall Street and answered colleagues' requests for basic financial data with a curt "Tell them not to worry."

Useem continues:

The isolation was deliberate. “When the headquarters is located in proximity to a principal business—as ours was in Seattle—the corporate center is inevitably drawn into day-to-day business operations,” Condit [Boeing CEO in 2001, Phil Condit] explained at the time. And that statement, more than anything, captures a cardinal truth about the aerospace giant. The present 737 Max disaster can be traced back two decades—to the moment Boeing’s leadership decided to divorce itself from the firm’s own culture.

Whether or not CEO Phil Condit had signed off on the move to Chicago as a captive of the cultural revolution at Boeing, it would ultimately be another Jack Welch acolyte who would oversee a decade of cataclysmic choices at Boeing—James McNerney. McNerney had left GE for 3M (Minnesota Mining and Manufacturing) after failing to become Welch’s successor. Jeffrey Immelt was ultimately chosen to head GE, and after spending a few years at 3M, McNerney went to Boeing in 2005. McNerney was the first leader of Boeing with zero engineering background. After his BA at Yale, he got an MBA at Harvard, and if more needs to be said, he did a stint at Proctor & Gamble for brand management, and then moved on to the consulting outfit, McKinsey & Company.

Under McNerney’s guidance, Boeing organized the strange process of production for its 787 Dreamliner passenger plane, flying its wide-body 747-400 Dreamlifter Large Cargo Freighter around the planet to pick up parts for the Dreamliner in an idiotic exercise in globalization, while willing-and-able companies and machine shops in the greater Seattle area could have produced the components for its assembly. It was also under McNerney that the decision was made to employ the MCAS software to “improve” the 737 MAX series.

In Congressional hearings on the two 2019 MAX crashes, e-mails and text messages dated May 2018 from Boeing employees, showed their awareness of what was happening with the MAX, as well as the level of cultural decay. Some of the exchanges were [quoted](#) in *The Guardian*:

August 2015

“I just Jedi mind tricked these fools. I should be given \$1000 every time I take one of these calls. I save this company a sick amount of \$\$\$\$.”

“What did you convince them of?”

“To simply produce an email from me to the DCGA [an unnamed national aviation regulator] that states all the airlines and regulators that accept only the MAX CBT [basic training] to make them feel stupid about trying to require any additional training requirements.”

April 2017

“This is a joke. This airplane is ridiculous.”

“No one wants to fix anything.”

February 2018

“I don’t know how to refer to the very very few of us on the program who are interested only in truth....”

“Would you put your family on a MAX simulator trained aircraft? I wouldn’t.”

“No.”

May 2018

“Not sure I will be returning in April given this—am not lying to the FAA. Will leave that to the people who have no integrity.”

“I still haven’t been forgiven by god for the covering up I did last year.... Can’t do it one more time. The Pearly gates will be closed.”

“I’ll be shocked if the FAA passes this turd.”

“I have used the words ‘misleading’ and ‘mischaracterization’ a lot over the last two years in relation to this program. I could be even more honest and use other synonyms that even better describe what has been going on.”

Finance Cannibalized Productive Capacities

These statements are evidence of a corporate culture in the process of severe degeneration. This is the effect of the process unleashed in 1971, as Lyndon LaRouche had forecast. It is also a process that is not unique to Boeing. But do we simply blame Wall Street and their accomplices in corporations? There is no doubt that Wall Street is filled with nasty dullards and laggards, many of whom have mostly turned their operations over to complex algorithms usually written by mathematicians with severe emotional problems and no concept of empathy, where trades are carried out in nano-second transactions by mindless supercomputers.

But were the American people fighting this process of taking down our physical economy? Sure, there were those that fought in political circles, unions, and so

on—some of them, like Lyndon LaRouche—were sent to jail, or eliminated one way or another. But most Americans went along for the ride, hoping their 401(k)'s would be around in the end, even if those values were maintained by cannibalizing our productive capabilities and looting the poorer nations.

Lyndon LaRouche wrote about the implications of the cultural shift that plagued America and our productive corporations in his 1999 [article](#), “The Tinsel-Town Follies.”

Since 1971-1972, the U.S. financial economy has lived on cannibalizing both previously accumulated capital investments in productive and related facilities, and using the military and related political power of the U.S. and Wall Street's British Commonwealth ally to loot most of the rest of the world. The fact that the U.S.A. can no longer afford the infrastructural maintenance and social-welfare programs it once could, reflects chiefly the fact that this economy has become poorer....

If the internal U.S. economy is actually collapsing, per capita, in net physical-economic terms, as it has been doing for so long, how then do the upper twenty-percentile of our nation's income-brackets imagine themselves to live so prosperously? In general, the answer is, that that stratum, and some others, have been living on a marginal income derived from their combined direct and indirect participation in stock-market and related financial speculation. The ability to maintain that illusory prosperity, depends upon mechanisms of so-called financial leverage. This leverage depends, in turn, on the greatest monetary and financial pump-priming in world history. Until now, especially since late 1997, and, ever more wildly since Fall 1998, that financial pump-priming supplies the entire margin which has kept the world-wide financial bubble from popping.

Now, that very pump-priming itself, is generating the kind of hyperinflationary threat within real-estate and other commodity markets, which threatens to set off, world-wide, a hyperinflationary blow-out, like that which struck Germany in 1923.

The delusion of the person duped by the cult of shareholder value, is the quasi-schizophrenic

assumption, that ownership of a real, or even a merely imagined future income-stream, entitles the owner to sell that ownership at a financially capitalized price many times the size of that income-stream itself. That ratio corresponds to what is termed “financial leverage,” or, more often today, what the past hour's trading suggests the current ratio of financial leverage for such types of nominal assets might be.

Persons deluded into believing that that pyramiding of purely speculative financial leverage, might be continued more or less indefinitely, are to be considered virtually insane. For such cases, the aggravating problem is, that that is exactly what is conveyed as current doctrine by the devotees of John von Neumann's hoax called “systems analysis.”...

It will be up to us to clean up the mess that creates.

Clean Up the Mess with LaRouche's Four Laws

The crisis that Boeing saw last year, is a different crisis than Boeing faces presently. Humanity as a whole now faces a civilizational crisis—a crisis we refused to face last year, but which has now been exposed by COVID-19. Pressure now emanates from the City of London and Wall Street to get “the economy” restarted, i.e., to reflate their financial bubbles. Top British and Wall Street banking officials will demand doubling down on the “Green Finance Initiative.” But collapsing energy supplies under the guise of greening the economy would kill far more than COVID-19, especially in the nations in Africa, South America and Asia. Europe and the North America would suffer the same fate later.

In fact, we cannot go back to the failed financialized economy of the floating exchange-rate era. The financial system had already blown out last September when the Federal Reserve began its Repo operations by buying the trash paper of Wall Street and their international accomplices.

Restarting the economy now begins by building a new global health system, including hospital infrastructure worldwide, as quickly as possible to save lives from the pandemic. Bringing the healthcare system of the planet up to the standards laid out in the U.S. Hill-Burton Act would require hundreds of gigawatts of installed power, and a massive new supply of water, just to build the hospitals around the world. Clean water and

electricity are central to a nation's sanitation and should be seen as being done in tandem with a massive infrastructure development plan to bring our whole world into the modern era.

This could only be done with the [Four Laws](#) of Lyndon LaRouche. That begins with the reinstatement of Glass-Steagall to shut down the casino operations of the transatlantic financial system and restoring Alexander Hamilton's design of a federal credit policy and national banking. A new Bretton Woods conference must be convened to discuss a new financial architecture for the world, a functioning credit system to upshift our productive power of labor and relevant infrastructure, as we move to the next platform of economic development based on advanced fission and fusion energy.

The process of bringing fusion energy online absolutely requires collaboration with Russia, China and India, and then other nations. Space exploration, which lays bare the idiocy of geopolitical thinking, is now inextricably intertwined with fusion, as the space programs of China, Russia and India are already moving towards fusion with the long-range perspective of mining the prime fusion fuel source of Helium-3 from the lunar soil, which reportedly has thousands of years of energy supply for humanity. There could also be important international collaboration on setting up facilities on the far side of the Moon for deep space exploration with massive observatories.

There are important new potential roles in these initiatives for the scientific and engineering skills of Boeing and its subcontractors. Its current management cannot see these, and instead seeks bailouts—both from the Administration's and Congress' current giant "relief" bills, and from the expanded NASA budget for its delayed Starliner and lunar upper stage rocket programs.

The fact that this latter Boeing program {conflicts} with NASA's Artemis Moon-Mars mission plan—our best hope in 50 years for real space exploration—has recently become painfully clear. Both an [open letter](#) to Congress on January 31 by many "Concerned Scientists" and a January 27 [article](#) by Eric Berger, "House Legislators Want to Hand NASA's Human Spaceflight Program Over to Boeing," posted on the *Ars Technica* website, observed that recent House legislation aimed to slow down and change the intent of NASA's Artemis mission. Berger described HR 5666 as a product of Boeing Company lobbying, to pour money into its de-

layed Boeing-Lockheed upper stage rocket at the expense of NASA Administrator Jim Bridenstine's plans submitted to Congress.

And, as much reported in March, Boeing is an "Exhibit A" as a major company throwing its profits and its ability to borrow into stock buybacks and other "financial engineering" for stockholders and executives, and then wanting Federal "relief."

Moreover, airline passenger traffic and demand will remain way down until this virus is brought completely under control. Not just the airlines, but Boeing and Airbus will be gravely affected.

Boeing represents a critical national capacity of the United States, as President Trump has stated more than once. There is no reason to bail it out so it can funnel money through stock buybacks and dividends into the pockets of bored, wealthy existentialists, cannibalizing previous scientific and technological capabilities important for a nation and humanity. But it could return to "moonshots" at the frontiers of engineering.

Missions for the Future

The Federal Government, in return for investment into the company, will be in a position to demand that the Wall Street-dominated management be replaced. That should be done. *Engineers and production people from the ranks* should be put into the top decision-making spots in the company. The first task is to review past decisions from the standpoint of engineering. There is always reason for worry if engineers are as unhappy as their internal discussions indicate. Boeing may need a partnership with a software company to better integrate software with new aerospace systems in the future. The Starliner crewed spacecraft, when its software problems are fixed in collaboration with NASA, will become a good system. So, eventually, can the 737 MAX aircraft, now under complete design review by the FAA.

But a company with such capacities, including among its thousands of subcontractors, must have new missions. Boeing could play a significant role in the development of vital infrastructure. The new "platform" of fusion power and plasma technologies can be prepared through the use of small modular reactors (SMR), which numerous companies such as GE/Hitachi, Westinghouse, and the Pacific Northwest's NuScale Power are already developing. These types of reactors could be produced in assembly-line fashion and shipped by semi-trucks or ships anywhere in the



<https://www.reactionengines.co.uk/media>

SABRE powered vehicle illustration.

country, and many places around the world. They have a generating capacity anywhere from 5-300 MW; some designs like NuScale, have modules in the range of 50-60 MW that can be linked together—a 12-pack provides 600 MW.

Large companies in aerospace and auto, as well as obviously nuclear, would need to play a role in getting these assembly-line style production facilities in working order to deploy where needed—starting with an upgrading of the world’s health system. The nations of Africa alone would need a total of 96 GW of electricity generation capacity just to run hospitals at a modern and sufficient level for their combined 1.3 billion people.

In addition to energy requirements, there have been recent calls for modernizing our transportation grid with high-speed rail. There should be no reason that we do not just jump to the highest technology, with magnetic levitation systems. Certainly, the aerodynamics required would be in line with capabilities that Boeing and other aerospace companies have.

And “moonshots”—new scientific and engineering concepts—are critical in aerospace, including in simply returning to the Moon and settling it. As explained in the February 7, 2020 *EIR* [article](#), by Michael Carr, “Your Future on Mars,” we have to improve our access to space by several orders of magnitude in effectiveness and simplicity. While the

space division of Boeing wants to get the Starliner into commercial operation, and launch the SLS rocket, forward-thinking people think at least several steps down the line. The Mercury, Gemini and Apollo projects ran simultaneously. In aerospace with long lead and development times, it is the normal situation to be producing one product while working on its replacement.

To really open up space for commerce and public activity, we need an honest-to-goodness space plane. Boeing has already invested in Reaction Engines Ltd. of the U.K., which is developing the SABRE air-breathing rocket engine. Boeing already knows about it, and is tied into its devel-

opment. The world, China included, really needs the Boeing engineers to put together a design for a twin-engine aerospace plane capable of operation from a standard runway and capable of taking seven people to and from the ISS and then other space stations. Boeing uniquely combines the space and airliner competencies to enable success in this design. There could also be an unmanned cargo variant for delicate equipment. The SABRE engine is the key to making this possible. A solid design would draw in government and private investment. Success would secure Boeing’s future.

But again, completely new management. Boeing’s latest CEO David Calhoun is, again, a serial board member of various corporations, and whose working background is Wall Street, with the Blackstone private equity firm.

We are at a point where there is no “normal” to go back to. The COVID-19 outbreak has shown the idiocy of grinding down the immune system of our people under the policy of globalization. The virus, coupled with the financial crash, puts humanity at the crossroads of civilization. This demands a revolutionary and evolutionary upshift that has no room for business-as-usual or practical thinking. Our scientists, engineers, machinists and productive labor force, as well as our entrepreneurs—working together for a national mission to benefit humanity—can carry out this upshift.