

THE ECONOMIC CLUB

O F W A S H I N G T O N, D. C.

**Excerpts from the Signature Event featuring W. James McNearney,
Jr. Chairman, The Boeing Company**

July 29, 2015

When I was younger, . . . I thought intellect, decision making – it was clear to me, so everyone else would get it. Today, I realize that's about 20 percent of leading an organization, that it's more about what culture you have and how it's defined and how it's clarified that really guide people to what they do in the dark – and alignment, how people see their role in an enterprise. I mean, we build these big things. And the missions are exciting. And the technology's exciting. But there's always a challenge when you have a program with 20,000 people working on it. You want every Jack and Cathy and Susan to feel really important. And so how that kind of alignment is communicated, and the comp programs that align people. And so it's more about alignment and culture.

[The Export Import Bank] has been a wildly successful program. . . . *[it]* has supported tremendous growth in the developing world as well as growth at home. . . . Boeing depends on this. While our competitor has set up shop in lots of different countries in the world, we have kept our jobs and our technology here, in part because of this arrangement here. I'm beginning to question the strategy of making and designing everything in the United States, . . . if there's not an Export-Import Bank. We're actively considering now moving key pieces of our company to other countries.

. . . not passing this legislation, not reauthorizing the Import-Export Bank, . . . it's silliness which should be a free throw – . . . this is not a three-point shot. This is a lay-up in terms of what's right for the country and what's right for the well-being of the workforce, keeping technology onshore, retaining our leadership in aerospace. And there are consequences to this decision that I think people just playing politics – they don't – they're not connected to the real world anymore. All the money's on the extremes in politics and all the debate is in many cases – in more cases than I'd like to admit -- is focused more on the money than it is on what's good for the country.

What this is, David, is a triumph of ideology over any description of pragmatism. I mean, this bank [*Export-Import Bank*] has been authorized by every Republican and every Democrat for the better part of the past century. And why? Because it levels the playing field on a global basis. It supports American jobs and technology. And people – one part of the political spectrum calls it, you know, cronyism for big companies only. Every time a 777 lands in Beijing, it takes 7,000 or 8,000 small businesses to Beijing that are part of this big system with 4 million parts that we put together, that otherwise would not be able to export their goods. It's crazy. Seventy percent of the value added of our airplanes are made up by small companies who are making things for us, giving them to us, and trusting us to integrate them, and then exporting. None of those would have a chance to export without us.

The way our country was founded led to pragmatic decision making. The way it was stitched together by Madison and Alexander Hamilton tended to guard individual freedoms and perspectives, and yet bring them together to move the country forward. We don't have that anymore, and it's very, very frustrating.

. . . the other challenge [*for our business*] is whatever the redefinition of the defense and space business will be, because – for whatever reason, the U.S. government . . . has traded off other things against defense. I don't think the threat environment has changed at all out there, so I think at some point that is going to true up. And what that all looks like – so we're trying to keep

balance, getting our costs down in defense and space, with still investing enough to be ready for the next upturn. That's a big challenge.