

## FEATURE

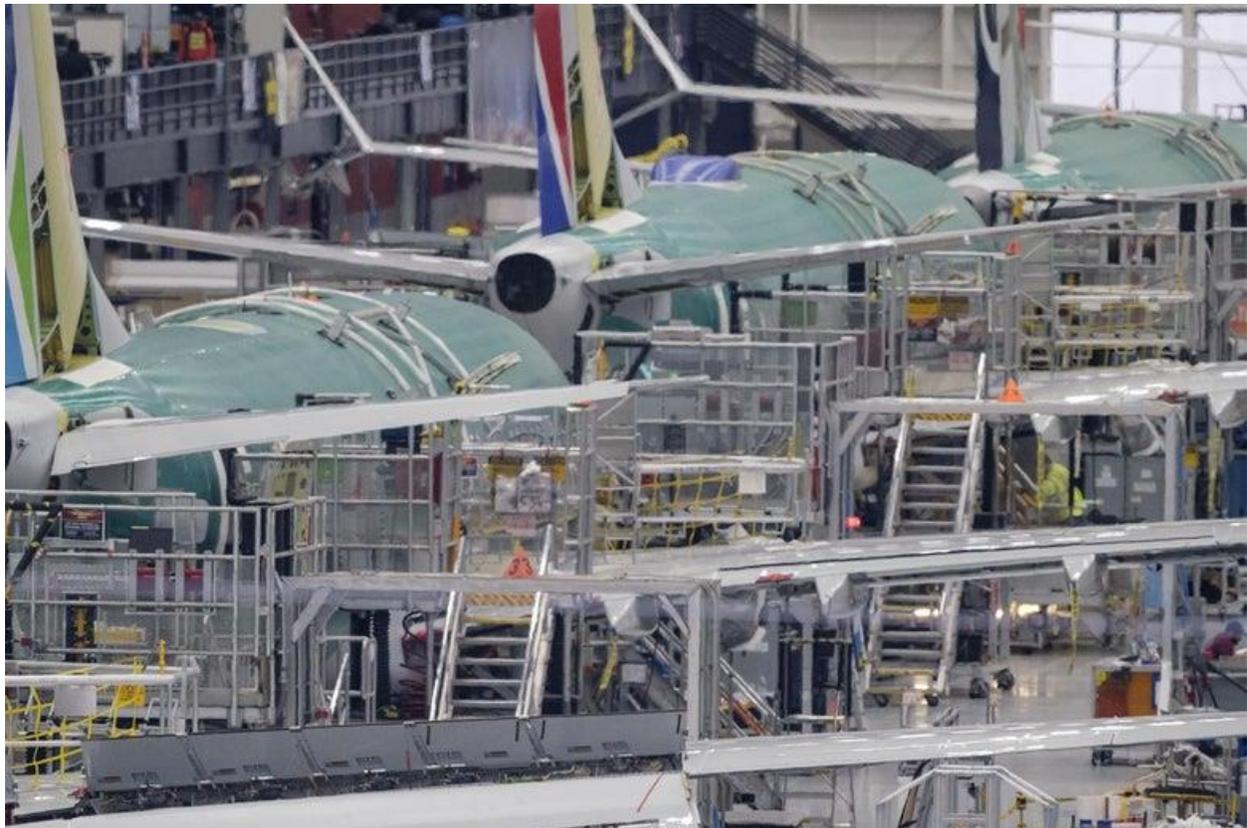
THE SLATEST

# Boeing's Temporary Shut Down of 737 Max Production Could Have Far-Reaching Implications for U.S. Economy

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DEC 17, 2019 6:56 AM

<https://slate.com/news-and-politics/2019/12/boeing-temporary-shut-down-737-max-production-economics-politics-2020.html>



*A 737 MAX production line inside the Boeing factory is pictured on Dec.16, 2019 in Renton, Washington.  
Stephen Brashear/Getty Images*

Boeing [announced](#) Monday it will temporarily halt production on its troubled 737 Max airliner starting in January after U.S. regulators indicated it was not close to being certified to fly again even after being grounded for nine months.

Boeing had continued to make the line of aircraft, the company's most popular, despite two deadly crashes that led to its grounding in March, but has reversed course as investigations continue into whether the century-old company played down safety risks and scrimped on pilot training

requirements in order to get the new line up in the air to keep up with its European rival Airbus.

A crash off the coast of Indonesia in Oct. 2018 and another in Ethiopia in March, led to the 737 Max being taken out of service with the aircraft's software system suspected of being at fault. Boeing has yet to come up with a software fix to satisfy federal regulators.

The decision to halt production of the 737 Max could have ripple effects across the U.S. and global economy. The company is a huge U.S. employer and the largest American manufacturing exporter. The supply chain of products that the company purchases also reaches deep into the manufacturing sectors of other major economies, not to mention the company's impact on commercial air travel and the ability of airlines to keep their commitments to customers.

Those factors, along with the crashes that killed 346 people, have put Boeing under intense political and financial pressure. The company said it would not lay off any of the some 12,000 employees at its Washington state plant that produces the beleaguered aircraft—for now.

“With the company still unable to win approval from global regulators to let the plane fly again, executives and board members have made, in halting production, one of the most consequential decisions in the manufacturer's history, one that will also affect its hundreds of

suppliers around the country,” the *New York Times* [notes](#). “It will try to manage the disruption to suppliers, though it did not give details. It may continue to accept parts from major suppliers, so that when the company restarts the Max line production can be quickly ramped up. Other suppliers are likely to endure significant financial pain if Boeing's shutdown halts part of their assembly line for a period of months.”

The company has already totaled billions in losses related to the 737 Max, but more losses are expected. The company was estimated to be burning through \$2 billion a month while in production of the 737 Max and has some 400 jets that have been produced since the March grounding that have not yet been delivered to customers.

The halt in production of the 737 Max is expected to lower those immediate losses, but could still cost the company as much as \$1 billion a month. The shutdown will also delay the delivery of the aircraft of which Boeing has sold 5,000, the most in its history.

The F.A.A. has also stepped up its oversight over the company and has taken over the issuance of certificates of airworthiness for each airplane to come off the line, further slowing down Boeing's effort to clear its inventory.

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