

# GM CEO calls for executive pay caps to be lifted

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The CEO of General Motors, Dan Akerson, has asked the Obama administration to lift pay limits on top executives at the auto company. Speaking at the Economic Club of Washington last Friday, Akerson said now that the government's ownership stake had been reduced to one-third, pay restrictions should be relaxed so the company could retain the "best talent."

Compensation is limited for the 100 top-paid executives at companies receiving Troubled Assets Relief Program (TARP) funds and the US Treasury must specifically approve compensation for the top 25 executives. Last year, the administration's pay czar sanctioned a \$9 million payoff to Akerson, a former Wall Street buyout specialist with no experience in the auto industry, who was promoted by the White House Auto Task Force to slash labor costs and boost investor returns.

"We have to be competitive," Akerson told the assorted executives at the Economic Club meeting. "We have to be able to attract and retain great people," he said, adding, "We've been able to retain them but we're starting to lose them and I think that's an issue for our owners to recognize that in their best interest, there should be some relaxing."

After the address Akerson met with the government's special paymaster to discuss the matter.

While the GM boss insisted multimillion pay packages for top executives were necessary because of competitive pressures, he used the same argument to justify new attacks on hourly and salaried workers who have already suffered one round of wage and benefit concessions after another.

Akerson said his primary job was to hold the line on labor costs and convince employees that the company's "near death experience" last year was not simply a storm that had passed. Workers would not be able to

recoup their losses, he pledged, now that GM was recording multibillion-dollar profits and Wall Street investors were cashing in.

Akerson recently sent out a memo informing 26,000 white-collar workers in the US and Canada that there would be no salary increases in 2011 due to "controlling structural costs in all aspects of our business."

Nor would there be any recovery of lost wages and benefits for the company's 53,000 production and skilled trades workers when their four-year labor agreement expires next summer. Over the last five years auto workers have given up between \$7,000 and \$30,000 in wages and benefits, according to the United Auto Workers union.

Akerson, a former executive at the private equity firm Carlyle Group whose net worth is over \$120 million, spoke contemptuously of the gains won by earlier generations of GM workers, saying they were a terrible concession by earlier GM executives. The "list goes on and on," he said, GM was "giving away post-retirement health care benefits that were so corrosive to the cost structure of the company and job banks in perpetuity that made us so uncompetitive."

These problems, he said, had been "rectified" through the forced bankruptcy and restructuring of the company carried out by the Obama administration. There would be no retreat from cost-cutting, Akerson assured the well-heeled Economic Club crowd.

The GM CEO made it clear the company was relying on the continued collaboration of the UAW, which received 17.5 percent of the company's shares in exchange for relieving GM of billions in retiree health care obligations and blocking any struggle by workers against the destruction of their jobs and the halving of wages for a new generation of auto workers.

“I meet with the union every four to six weeks—that might sound strange to some of my former business friends—and I actually had the head of the UAW and the GM vice president on the balcony at the IPO,” Akerson said, referring to the appearance of UAW President Bob King’s at the opening bell-ringing ceremony on the New York Stock Exchange last month.

“They are our business partners,” he said of the UAW, “I don’t want a contentious relationship with the union. You hear a lot of noise in the public forum, ‘aren’t you guys going to go back hard at management, aren’t you going to get every dime back that you gave up in the bankruptcy.’ I tell the UAW their prosperity is tied to the company’s prosperity.”

There are widely circulating rumors that GM and the UAW are already in talks about reinstituting a profit-sharing plan instead of increases in base pay. First introduced by the UAW in the 1980s, the purpose of this scheme is to force workers to ratchet up their own exploitation in order to boost the profitability of the company. If profits collapse, workers get little or nothing.

“The companies want to try and reward the hourly workforce without bringing back some of the cost items that made them noncompetitive,” Art Schwartz, a former GM negotiator now doing labor management consulting based in Ann Arbor, told the *Detroit News*.

Given the compliance of the UAW, Akerson told the audience, “I’ve had people come to me and say what about a labor agreement until 2020 or 2025?” However, he said, “I don’t want to burden a successor with that type of decision.”

Behind the scenes, the auto bosses are openly discussing the establishment of a 10- or 15-year contract with the UAW, which would amount to a sweetheart contract locking workers into poverty wages and brutal working conditions. But this did not go far enough, according to Akerson, who made it clear that future GM executives wanted a free hand to impose further wage and benefit-cutting concessions whenever market conditions dictate.

The arrogance of the corporate executives and complicity of the UAW has generated widespread anger among workers. Francisco, a young worker at GM’s Lake Orion, Michigan assembly plant—where the UAW just agreed to a 50 percent wage cut for 40 percent of the workforce—spoke to the WSWS about

Akerson’s comments.

“They talk about keeping ‘the best’ by paying the bosses millions. It just goes to show what they think about the laborers on the assembly line. We’re not skilled and necessary. We’re overpaid and even a monkey could do our jobs. These guys are getting millions and I’m getting \$10 an hour—but we are the ones producing the cars.

“And the UAW is not for us—they’re a business and part of the corporation. We not only have to fight the company, we have to fight the union. They have a foothold in the company and are getting more money from their investments than from union dues.

“This is not a union that stands up for workers. You have a contract but it doesn’t mean a thing. Look what they did to us at Lake Orion. We had a contract and the union and management came in and said, ‘You’re making \$28 an hour—now you’re making \$15.’ GM and the union are together. The UAW is not going to cut off the hand that feeds them.”

Commenting on the talk about profit sharing, Francisco said, “I got a profit sharing check for \$10. My uncle just retired and he said the biggest check he got was \$12. It’s a joke—something always happens that keeps them from paying us. I rather have our cost-of-living allowance back.”



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