

US auto execs paid millions for slashing workers' wages

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4 April 2012

Three years after Obama's restructuring of the US auto industry, top executives at the car companies are raking in huge salaries and bonuses. The payouts underscore who has benefited from the president's much-touted "recovery" of Detroit.

Last week, Ford Motor Co. reported it paid its president and chief executive officer, Alan Mulally, \$29.5 million in total compensation last year, up 11 percent from 2010. This included \$2 million in salary, \$5.46 million in bonuses and \$22 million in stock, options and other compensation, according to a regulatory filing by the company last week.

Mulally also received \$58.3 million in stock earlier this month as part of an incentive plan for his 2009 performance. Over the last two years alone, the Ford CEO has received stock worth more than \$100 million. His compensation in 2011 was the highest since 2006, when Ford paid Mulally \$39 million to lure him from aircraft manufacturer Boeing.

Ford's other top executives also received big pay packages. This includes: Executive Chairman Bill Ford (\$14.5 million); Chief Financial Officer Lewis Booth (\$7.7 million); Mark Fields, the company's president of the Americas (\$8.84 million); and Joe Hinrichs, president of Ford's Asia Pacific and Africa region (\$5.3 million).

Last year, Ford recorded \$20 billion in profits—the second most in the company's century-long history—and resumed paying dividends to its big investors. Since the virtual collapse of the auto industry following the 2008 Wall Street crash, the automaker has recorded three straight years of profits. Its share value has risen 370 percent since 2009.

These profits have been achieved through a drastic reduction in labor costs—implemented with the full

collaboration of the United Auto Workers union—that has allowed Ford to profit from a far lower volume of car sales.

While the company was able to attain credit and avoid the forced bankruptcy and restructuring the White House carried out at General Motors and Chrysler, it has nevertheless imposed the same cost-cutting measures.

In 2009, Mulally and Bill Ford agreed to a salary cut and deferred bonuses in a cynical gesture of "equal sacrifice" while the UAW imposed sweeping concessions on its members, including the elimination of cost-of-living allowances first won by auto workers in the 1940s. In exchange, the UAW-controlled retiree health care trust fund—known as the VEBA—was given a substantial share of company stocks.

The executives have more than recouped whatever salaries and bonuses were deferred. Auto workers, however, have not regained their lost wages and benefits, and were forced to give up even more in the UAW-Ford contract in 2011.

"My pay didn't go up," said Pink, a Ford worker who has worked at a Detroit area factory for 15 years. "We gave up pay raises to get the company profitable, and we have not seen any of it back even though they're making billions.

"We gave up three or four raises and break time. They took half the pay away from the younger workers. I went to the gas station the other day and looked at the price of gas and milk. I can't imagine how people can afford anything on \$14 an hour.

"Obama calls the auto industry the model of success. It's the model for the rich people, not for the rest of us."

Asked about the UAW, he said, "I don't like the fact that the UAW controls the multi-billion dollar VEBA

(retiree health care) fund and corporate stocks. I never looked at it that way before, but they are a business.”

Bloomberg business news service reported that Sergio Marchionne, Chrysler’s CEO, did not receive a cash salary or shares from the Auburn Hills, Michigan-based automaker, according to a company filing March 6. Marchionne is also CEO of Fiat SpA, which owns 58.5 percent of Chrysler. Fiat paid him 14.5 million euros (US\$19 million) in 2011, mostly in stock grants, according to a March 15 filing.

General Motors—which made a record \$7.6 billion in 2011—has not yet announced how much CEO Dan Akerson will be paid. Akerson, whose pay package must be approved by the Obama administration, received \$2.53 million in total compensation after serving as CEO for four months in 2010.

Akerson has threatened to close plants in Germany and the UK, to wrench American style concessions from workers at GM’s European Opel division. UAW President Bob King has been brought onto Opel’s supervisory board for this purpose.

Executives at the other major global automakers have also cashed in. Volkswagen AG boosted CEO Martin Winterkorn’s 2011 compensation 87 percent to 17.5 million euros (\$23.3 million) for leading the world’s second-largest automaker to a record profit, Bloomberg reported. Winterkorn’s pay was the highest among CEOs in the 30 companies that comprise Germany’s benchmark DAX Index.

Nissan Chief Executive Officer Carlos Ghosn received 982 million yen (\$11.9 million) in total compensation for the 2010 fiscal year, including salary and stock options, making him the highest paid executive among Japanese companies. Ghosn is also CEO of French automaker Renault SA.

Toyota President Akio Toyoda was paid 136 million yen (US\$1.6 million) in the year ending March 31, 2011, according to a filing last year to Japan’s finance ministry.

In the United States, the leaders of the UAW have also gotten a pay raise even as they have forced workers to accept poverty level wages. According to a recent filing with the Department of Labor, the UAW, which controls total assets of \$1.043 billion, paid International President Bob King \$176,700 last year, nearly six times what a new auto worker will earn annually under the contracts negotiated by the UAW

last year.

UAW Vice President James Settles, who oversees bargaining with Ford, made \$152,054; General Holiefield (UAW vice president for Chrysler) made \$167,033; and Joseph Ashton, vice president for GM negotiations, pocketed \$180,678.



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