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## G.M. Deal to Hire More at Low End

By BILL VLASIC

DETROIT — The new labor contract between [General Motors](#) and the [United Automobile Workers](#) will accelerate the hiring of lower-paid, entry-level workers at the company and bring jobs to the United States that were headed for Mexico.

While the U.A.W. achieved only modest economic gains for its 48,000 members at G.M. — longtime G.M. workers will receive no wage increases under the deal — the emphasis on adding jobs was the top concern for the union's leadership.

“What we were looking for was jobs, jobs, jobs, and that's what we came away with,” Joe Ashton, a U.A.W. vice president, said at a media briefing here on Tuesday.

The union estimates that G.M. will create or preserve 6,400 jobs over the next four years, mostly by hiring new, entry-level employees but also by retaining work in the United States that was going to move to Mexico.

The impact will be felt in several communities that are home to G.M. facilities. The company agreed to reopen idled assembly operations at a plant in Spring Hill, Tenn., add a shift of workers at a truck plant in Wentzville, Mo., and increase employment at an engine plant in Romulus, Mich.

Over all, the union said G.M. would invest \$2.5 billion in factories in this country over the life of the contract, which expires in 2015.

While some of the additional jobs will be taken by workers laid off during G.M.'s bankruptcy, the majority of the positions will be filled by new, entry-level workers, Mr. Ashton said.

The union won better wages and benefits for lower-tier workers in the agreement as well.

G.M. now has about 1,900 second-tier workers, who are paid a starting wage of about \$14 an hour. Longtime union workers earn double that amount.

Under the new agreement, the base hourly wage of the new workers will go up to nearly \$16 immediately after the contract is ratified, and increase to about \$19 over the next four years.

The entry-level workers will also get enhanced health care coverage in the new agreement and financial assistance toward college tuition programs.

Even with slightly higher wages, the new workers are considerably less expensive for G.M. than traditional U.A.W. employees, because of both lower wages and less generous benefits. Analysts said that as older G.M. workers retire, the influx of lower-tier employees would further reduce the company's production costs.

"Given G.M.'s demographics, long-term savings could be substantial," Brian Johnson, a Barclays Capital analyst, said in a research report.

About 35 percent of G.M.'s workers are eligible to retire, said Mr. Ashton. The new contract provides \$10,000 bonuses for those employees if they retire within the next two years.

Other than the entry-level pay raises, the veteran G.M. workers received no wage increases in the tentative contract, which union members will vote on by next week. Mr. Ashton sought, but was unable to get, cost-of-living increases for the entire work force.

However, every U.A.W. worker at G.M. will receive a \$5,000 bonus for approving the contract, as well as \$1,000 “inflation protection” payments in each of the last three years of the agreement.

G.M. also agreed to modifications in its profit-sharing formula for all workers.

Under the old system, payments were calculated solely on profits made in the United States.

The new contract calls for workers to get about \$1,000 in profit-sharing for every \$1 billion that G.M. earns in its larger North American operations, which include Canada and Mexico.

The union’s president, Bob King, said workers were already guaranteed at least a \$3,500 profit-sharing check in 2012 based on profits already earned this year at G.M.

G.M. executives have declined to comment on the savings the company expects from the new agreement, which was reached on Sept. 16 after marathon negotiations that lasted two days past the expiration of the old contract. It was not explained in detail by the union until Tuesday.

In a statement, G.M.’s chief labor negotiator, Cathy Clegg, emphasized that the deal stabilized the company’s cost structure as it built on its turnaround since emerging from its government-sponsored bankruptcy in 2009.

“We used a creative problem-solving approach to reach an agreement that addresses the needs of employees and positions our business for long-term success,” said Ms. Clegg.

Mr. King said Tuesday that he expected Ford and [Chrysler](#) to follow the model set in negotiations with G.M.

“This is a general framework and pattern that we will go to Ford and Chrysler with,” Mr. King said. “I’m confident we can put together an agreement with both.”

Negotiations at Ford and Chrysler could take several more days. Mr. King said the union had not yet decided which company to focus on first.

Chrysler, the smallest and least profitable of Detroit's Big Three, may balk at matching the size of the bonuses agreed to by G.M.

Talks at Ford could also be affected by the union's ability to strike the company if discussions break down. The U.A.W. agreed to not strike G.M. or Chrysler in this round of negotiations as a condition of the government's bailouts of those two companies.



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