

FREEP: Ford rightly shares the wealth with workers

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While Wall Street was drubbing Ford stock Friday because the company chose not to use fire-sale tactics in the awful European car market, there was a big dollop of good news for metro Detroit in Ford's year-end financial report.

Ford's 40,600 hourly workers will receive profit-sharing checks in March averaging \$5,000. Since half those folks work in Michigan, that adds up to a \$101.5-million booster shot for the local economy.

Even more encouraging is that Ford was not **required** to write such large checks to the rank-and-file workers.

As UAW President Bob King told the Free Press, the complex profit-sharing formula in Ford's union contract only dictated that workers get around \$3,000, based on 2010 sales and profits. But Ford management, after its best year in a decade, decided to bump up the gain-sharing payout to workers.

Good for GM, Chrysler, too

That has important implications for the rest of the Detroit region's economy.

Ford also has a gain-sharing plan for salaried workers, and it's probably safe to assume, based on the profit-sharing checks, the company won't stiff the salaried folks with a meager payout.

This is also good news, potentially, for General Motors and Chrysler workers.

GM is expected to announce its profit-sharing payment for hourly workers next week. It probably won't be as high as Ford's, but will likely surpass the previous GM profit-sharing high of \$1,775 in 1999.

Way back in 1989, GM gave out profit-sharing checks of only \$50 per person in a year when Ford workers got \$1,025 on average. Not surprisingly, many GM workers then were insulted by the paltry payout. Don't expect GM to make the samemistake again.

Even Chrysler, though it was not profitable through the first nine months of 2010, may come up with some form of bonus payment for hourly workers. UAW Vice President General Holiefield has reportedly been pleading the case that Chrysler should show some extra love to its rank-and-file as the automaker crawls back from the brink of extinction.

Chrysler CEO Sergio Marchionne, asked last week about profit-sharing, didn't promise anything but left the door open for some kind of bonus. "I've always been convinced that we need to reward everybody in the organization for performance," he said.

Right thing to do

Why should the automakers pay out more to UAW workers than required by the contractual profit-sharing language?

Because it's the right thing to do, in the spirit of gain-sharing that Detroit's reborn auto industry espouses.

If companies expect workers to be flexible and accept less in the bad times, management better share the wealth when times are good.

Heaven knows, we can certainly count on the top executives raking in millions soon from their stock options and bonuses.