

Ousted GM head gets \$10 million retirement package

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Former General Motors CEO and Chairman Rick Wagoner, whom the Obama administration forced into retirement in March after he resisted plans to throw the automaker into bankruptcy, will be awarded a retirement package valued at over \$10 million. The sum, though reduced from the \$23 million Wagner had earlier been promised, is many times greater than what an auto worker can earn in a lifetime. Upon his retirement, which will begin officially on August 1, Wagoner will be awarded about \$1.64 million annually for the next five years, plus another \$74,030 every year under the salaried retirement program. Wagoner will also receive a life insurance policy or its cash value, which now stands at \$2.6 million, according to media reports.

In contrast, President Barack Obama's restructuring of the auto industry included an assault on the retirement benefits of GM and Chrysler workers, along with wage cuts, mass layoffs, benefit cuts, and plant and dealership closures.

GM's hourly retirees have already had their dental and optical benefits eliminated. In the coming months, the United Auto Workers (UAW), which controls the retiree health care trusts at GM and Chrysler, will oversee further cuts in workers' benefits as a result of its agreement to accept company stock in place of half the cash owed to the trust funds by the carmakers. The UAW executives will, moreover, have a vested interest in cutting the benefits of union members since it will boost company profits and increase the value of the stock which they control.

Wagoner may well be remembered for playing the role of fall guy in Washington's carefully-scripted drive to drastically downsize GM, once the largest industrial corporation in the world. Obama, through his

Wall Street-dominated auto task force, carried out a predetermined policy to return the US auto companies to profitability by ruthlessly slashing the jobs, wages and benefits of auto workers.

The attack on auto workers is, in turn, being used to launch a broader attack on the working class as a whole. Wagoner, along with Chrysler and Ford CEOs Robert Nardelli and Alan Mulally, was clearly stunned when the media and politicians of both parties—including then-President-Elect Obama—used Congressional hearings on the industry's bailout request to whip up public opinion against the “bloated” auto makers. What sealed Wagoner's fate, however, was his resistance to the Obama administration's demand that he agree to allow GM to enter bankruptcy. Wagoner argued that GM's collapse was not a result of its own failings—he had presided over years of wage and benefit concessions and plant closings—but of the credit crisis, for which Wall Street was responsible.

He was forced out by financier Steven Rattner, Obama's choice to head the auto task force. Rattner on Monday announced his resignation from the task force amidst an intensifying investigation into his role in a “pay-to-play” scandal involving New York State's public employee pension fund. (see Steven Rattner steps down from Obama auto task force) In the nine years Wagoner headed GM, its stock tumbled from \$92 a share to \$1.15 at the time of its bankruptcy filing. One might think such a performance did not merit a \$10 million send-off. But this is the US of 2009, where CEO bonuses and retirement packages in the tens or even hundreds of millions are not uncommon, and the average CEO each year takes home more than the average employee by a multiple of more than 50. Only measured against the retirement packages of other CEOs does Wagoner's appear small.

For example, Stanley O’Neal, the disgraced former head of Merrill Lynch, was given a \$161.5 million retirement package after he was pushed out the door in 2007. Merrill Lynch collapsed last year.

In 2006, ExxonMobil gave CEO Lee Raymond about \$400 million to help him enjoy his golden years. AT&T CEO Edward Whitacre was handed \$158.5 million in 2007. The fact that Wagoner’s multimillion-dollar payout is less than that received by other CEOs will provide no comfort to auto workers and their communities, which are being driven back to conditions not seen since the Great Depression. That the media even refers to Wagoner’s retirement package as “sharply reduced,” and speaks of his “taking benefit cuts consistent with other retirees,” testifies to its role in defending the plundering of society for the personal enrichment of the financial elite.



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