

# REMAPPING DEBATE

Asking "Why" and "Why Not"

## Putting the new GM-UAW contract in historical context

**Map & Data Resources** | By Abby Ferla | Employment, Labor

Sept. 21, 2011 — General Motors and the United Auto Workers just agreed on a new four-year contract. To try and put the agreement in context, we utilized historical wage data provided by the UAW. Information on the new contract is taken from a [UAW summary of the contract](#) published today.

To account for the effects of inflation, we adjusted all figures to 2011 dollars. For the data set forth for 2015, we performed an estimate based on assuming an annual inflation rate of 2 percent for each year of the contract period.

Two tables are set forth below. The first looks at rates in each contract period when a newly hired worker begins employment and the highest rate such a worker could attain over the course of that contract. The time specified in contracts for a worker to get his or her pay raised to the maximum possible wage grew longer over the decades examined. In 1961, for example, it was 30 days; in 2006, it was three years. Still, until the 2007 contract, the pay of a new worker would eventually always rise to equal the pay of veteran GM workers.

| Hourly wage for newly-hired workers |   |  |
|-------------------------------------|---|--|
| Year                                | Rate at start of employment<br>("entry rate") | Maximum rate attainable<br>over course of contract |
| 1961                                | 18.97   | 19.72  |
| 1970                                | 23.58   | 24.75  |
| 1982                                | 19.17   | 22.55  |
| 1990                                | 23.66   | 27.85  |
| 1996                                | 19.11   | 27.30  |
| 2007                                | 15.25   | 16.72  |
| 2011                                | 14.78 - 15.78                                 | 18.28 - 19.28                                      |
| 2015                                | 13.63 - 14.55                                 | 16.86 - 17.79                                      |

This second table looks only at the pay of workers who were already employed by GM at the time a contract was signed. There was a single pay tier until the 2007 contract. In that year, as discussed in [A darker future for "Tier 2" workers](#), the contract negotiated created a second tier whereby a veteran worker's pay was capped at a rate much lower than that of his or her earlier-hired counterparts. That differential was described by both GM and the UAW as temporary, but temporary has apparently become permanent: only workers hired before 2007 receive the higher wage rate, no matter the length of service. And GM is seeking to entice many of those workers to accept buyouts to terminate their employment.

Note that a number of items that are not “base wages” are not included in the tables: neither profit sharing nor “quality performance bonuses” (depending on GM performance and worker performance, respectively), and neither a “settlement bonus” for eligible current workers of \$5,000, nor an annual “lump sum” payment of \$1,000 to eligible workers.

The “settlement bonus” is worth about 60 cents per hour over the life of the contract. All of the potential “quality performance bonuses” and “lump sum” payments that are available over the life of the contract are worth in the aggregate about 48 cents per hour.

| <b>Maximum hourly wage for veteran workers over course of contract period</b> |  |  |
|---|--|--|
| <b>Year</b>   | <b>All workers hired prior to 2006</b> | <b>Those workers hired after 2007<br/>(the “new normal”)</b> |
| 1961  | 19.72                                  | n/a  |
| 1970  | 24.75                                  | n/a  |
| 1982  | 22.55                                  | n/a  |
| 1990  | 27.85                                  | n/a  |
| 1996  | 27.30                                  | n/a  |
| 2007  | 30.64                                  | 16.72  |
| 2011  | 28.12                                  | 18.28 -19.28   |
| 2015  | 25.94                                  | 16.86 - 17.79  |

This content originally appeared at <http://remappingdebate.org/map-data-tool/putting-new-gm-uaw-contract-historical-context>