

PRESIDENT BUSH: EMPLOYEES OF AMERICAN COMPANIES MUST GET PAID LESS THAN EMPLOYEES OF FOREIGN COMPANIES!

The President of the United States just dictated that American corporations pay their employees significantly less than the employees of foreign owned manufacturers. And/or, he dictated that American corporations pick the pocket of their senior retirees.

That's the take-away of the bailout plan, which is basically the Bob Corker plan dressed up, through sleight of hand, as a majority-supported legislation. As Bush notes, some of this bailout was supported by a majority of the House, at least.

Binding Terms and Conditions: The binding terms and conditions established by the Treasury will mirror those that were voted favorably by a majority of both Houses of Congress, including:

- *Firms must provide warrants for non-voting stock.*
- *Firms must accept limits on executive compensation and eliminate perks such as corporate jets.*
- *Debt owed to the government would be senior to other debts, to the extent permitted*

by law.

- *Firms must allow the government to examine their books and records.*
- *Firms must report and the government has the power to block any large transactions (> \$100 M).*
- *Firms must comply with applicable Federal fuel efficiency and emissions requirements.*
- *Firms must not issue new dividends while they owe government debt.*

Yet then Bush throws in the demands that Republicans made—without noting that this was basically an ideological ploy to break the union, all the while demanding that employees of American-owned companies make **significantly less** than the employees of Japanese-owned companies.

Targets: The terms and conditions established by Treasury will include additional targets that were the subject of Congressional negotiations but did not come to a vote, including:

- *Reduce debts by 2/3 via a debt for equity exchange.*
- *Make one-half of VEBA payments in the form of stock.*
- *Eliminate the jobs bank. Work rules that*

*are competitive with
transplant auto
manufacturers by
12/31/09.*

- *Wages that are
competitive with those
of transplant auto
manufacturers by
12/31/09.*

These terms and conditions would be non-binding in the sense that negotiations can deviate from the quantitative targets above, providing that the firm reports the reasons for these deviations and makes the business case to achieve long-term viability in spite of the deviations.

In addition, the firm will be required to conclude new agreements with its other major stakeholders, including dealers and suppliers, by March 31, 2009.

Remember, the measure the Republicans were using to measure "wages that are competitive with those of transplant auto manufacturers" was the lizard lie number—the \$73/hour, the number that includes legacy costs, the payments to retiree pensions. Otherwise, there would be no reason to make this stipulation—because if you use the real wage number, and not the lizard lie number, American manufacturer wages are already competitive with the transplants!!

So what Bush is demanding is that the UAW lower wages plus pensions to the level of Japanese wages plus pension (though since they have very few retirees, their pension number is basically zero). Alternately, they could lower this number by basically picking the pocket of a bunch of seniors, by taking away pension money those seniors already earned while they were still working. But one or the other will have to

happen.

Now, Bush did give the Obama Administration an escape hatch: the ability to deviate from the quantitative targets provided that the companies report why they did so.

But as written, Bush's last major act as President is to demand that workers for American-owned companies work for less than workers for foreign owned companies. American capitalism, at its finest.