# Big Blue wage cut will have workers seeing red

*by Michael_Kinsman*

Ask any official at IBM to describe what is happening to the computer company today and you're likely to hear about something called "free enterprise."

Pose a similar question to any IBM worker in the U.S. and you're likely to hear horror stories about the company's cost-cutting efforts and growth in far reaches of the globe at the expense of domestic workers.

Both tell you the tale of IBM today.

IBM was once as blue-chip as they came. It was a modern company that was noted for its innovation and generosity toward its loyal employees.

It's hard to recognize that IBM today.

The company waddled along for a bit, allowing a couple of computer generations to innovate while it stood clinging to old ways. It paid a price for that, and is now re-inventing itself to compete in today's world.

You might look at last year's $10.4 billion profit as testimony that IBM has adapted with the times successfully.

That is, unless you work for IBM. The company last year reached a $65 million settlement in a lawsuit with computer technicians who said it had illegally classified them as exempt employees to avoid paying them overtime.

Now, IBM says it has a plan to counter that settlement: It plans to cut the salaries of 7,600 computer techs 15 percent, saying each would still earn the same amount of annual pay by working an average of five overtime hours per week.

Workers paid an average of $80,000 a year will now earn $68,000 before overtime.

IBM gains nothing from this, it claims. It is simply adjusting its pay schedule to accommodate the overtime demands of its workers.

Sure, tell that to IBM's computer techs. No one wants to take a 15 percent cut in their base pay and then be told that they could make it up by working overtime.

Overtime is not a given in most companies. It is worked when necessary and is distributed as necessary. Some workers may work 10 hours a week while others don't work any. The insult to IBM's computer techs is that they have been doing a good job for the company. Yet, when the company earns record profits as it did last year and targets even higher earnings this year, it cuts the pay of those core people.

At the same time it is ramping up international operations. Last year, it aggressively added workers in Argentina, Brazil, China, India and Russia.

IBM executives view globalization as a shrewd business move, and it probably is.

But why do you antagonize the very people who helped you turn your most profitable year by now cutting their base salaries? The $65 million settlement IBM made last fall with its computer techs was far less than 1 percent of its total earnings.

Wouldn't the company be smarter to eat the $65 million for the next couple of years, slow down raises for those workers and keep them content, rather than incurring their wrath by cutting their salaries 15 percent?

It all comes down to the priorities of the company - and this U.S. computer company is making a clear statement that its priorities are not at home.

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