

DaimlerChrysler to cut thousands of US auto jobs

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On Monday, January 22 the *Wall Street Journal* reported that DaimlerChrysler's US-Chrysler division plans to eliminate as many as 6,000 of its 30,000 white-collar jobs and 10,000 to 15,000 of its 95,000 production jobs over the next three years, as a central part of the company's restructuring plan.

The job cutting at Chrysler—to be formally announced February 23—coincides with further signs of a sharp slowdown in the American economy, and downsizing announcements by several US corporations this week alone, including Lucent Technologies (16,000 jobs), Sara Lee (7,000), Whirlpool (6,000), Norfolk Southern Railroad (3,000) and America Online (2,500).

According to the *Journal* article, DaimlerChrysler's proposal calls for the closing of 6 of its 41 North American factories, a measure that would eliminate 17 percent of the US division's workforce and devastate the families and communities where the plants are located.

Most of the job cuts reportedly will be carried out through early retirement buyouts and attrition, but layoffs are also on the agenda. In order to comply with the language of the company's 1999 contract with the United Auto Workers union—which ostensibly prohibits permanent layoffs or plant closings for the life of the agreement—the *Journal* reports the company will say it is “indefinitely idling” factories instead of permanently shutting them.

Publicly UAW officials have said they will not reopen the contract to facilitate the destruction of jobs, but union officials who have a seat on DaimlerChrysler's board of directors have already signaled their willingness to do whatever is necessary to return the company to profitability.

DaimlerChrysler says it needs drastic changes in the US Chrysler division, following the loss of \$512

million in the third quarter of 2000 and an expected loss of \$1.25 billion to \$1.4 billion in the fourth quarter. Company executives expect the losses will continue in 2001, reaching as much as \$2 billion depending on market conditions.

Newly appointed Chrysler President Dieter Zetsche has already begun implementing various cost-cutting measures. For the first quarter of 2001 Chrysler has cut production by 26 percent, with several production facilities closing for one or two weeks at a time. The company has also put the squeeze on suppliers to cut their prices by 15 percent. The *Journal* reports that Chrysler has established a “war room” where engineers examine auto components with suppliers in order to press for further cost reductions.

The American auto industry has been hit by a sudden and rapid slowdown. In 1999 auto sales reached a record high of 16.93 million and were on course to surpass 18 million in 2000, when the bottom fell out in the fourth quarter. General Motors, the world's largest automaker, suffered a 92 percent decline over its fourth quarter earnings in 1999.

A combination of factors led to the sharp decline, including the impact of previous interest rate hikes by the Federal Reserve, higher fuel costs and a falling stock market, which contributed to reduced consumer spending, particularly on highly profitable sport utility vehicles and trucks. In response GM, Ford and Chrysler announced major reductions at their car factories this year.

Little has been said about the human cost of the downturn in the auto industry. Already many workers, dependent on large amounts of overtime to cover family expenses, have seen their paychecks cut, in some cases by 50 percent. Now thousands of workers face the prospect of having their plants close and being

laid off. Many of the older workers facing the loss of their jobs are survivors of the mass layoffs of the early 1980s, when Chrysler faced bankruptcy and eliminated 45,000 jobs. Most were forced to transfer from plant to plant to retain employment.

In addition, as auto sales and profits recovered over the last decade Chrysler has hired tens of thousands of young workers at its plants in Detroit, Toledo, Ohio and other cities. Now many of these workers, who were able to earn a relatively high wage, face the prospect of a future of low-paying jobs or unemployment.

A harbinger of what is to come took place last week when 260 workers at DaimlerChrysler's Jefferson North Assembly Plant in Detroit were laid off indefinitely. The Jefferson plant is located on Detroit's east side—the most impoverished area of the city—where Chrysler closed several plants and eliminated tens of thousands of jobs during the 1980s.

On January 18, about 100 skilled trades workers—including pipe fitters, electricians, and machine repairmen—as well as 160 production workers at the Jefferson plant were given pink slips. All of the workers had less than one year's seniority and will not be eligible for salary guarantees under the union contract. Union members with more than one year are guaranteed 95 percent of their base pay for 42 weeks.

Workers upset with the layoff called a local newspaper to report the development. A company spokesman, Trevor Hale, would not confirm the exact number of people laid off, but said the cuts were the result of the curtailing of Saturday production. “We no longer need Saturdays, which means we don't need as many maintenance workers. We are trying to keep our plants lean and trim,” Hale said.

The Jefferson plant employs 4,700 workers who make the Jeep Grand Cherokee sport utility vehicle. The once popular model is now not selling well. The company has a 67-day supply of the vehicles and has idled production at the plants several times during the past two months. On Friday, January 26 the plant will be closed for another two weeks to stem the supply of cars.

The *World Socialist Web Site* spoke to workers who raised concerns about the future of the plant and speculated on which production facilities would be closed.

Larry Kleinsmith, with 17 years at Chrysler, said,

“I'm concerned about the jobs here. They are already talking about eliminating the third shift. That's 1,100 jobs. A lot of people are very upset. Last week they got rid of a lot of people with low seniority.”

Sam, a worker who has 30 years seniority and came to the Jefferson facility after his old plant was closed in the 1980s, said the elimination of the third shift is just a matter of time. “After you have been here as long as I have been, and you see the ups and downs of the auto industry, you know that this isn't good.

“Look,” he said, “the union hasn't said a thing. I heard that they voted to extend the local contract for another 18 months. The rumor around the plant is the company plans to get rid of the third shift no later than April. You can see what is coming. They just built the new Mack Avenue engine plant, and they are going to close the Mound Road Engine plant. There's a lot of excess and a lot of people are going to lose their jobs. I would like to see something done about it.”

Karim Ziyadeh, with 32 years at Chrysler, works at the Mound Road Engine plant, also on Detroit's east side. Ziyadeh said he had suffered through the boom and bust times in the auto industry before and he plans to retire within the next year. “What bothers me is there are a lot of young people who were hired in here. What are they going to do? My heart really goes out to the young people because they could be out in the street.”



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