

# Chrysler cuts 13,000 North American jobs

The editorial board  
15 February 2007

*This article is available as a PDF leaflet to download and distribute*

DaimlerChrysler on Wednesday announced plans to slash 13,000 jobs in its latest restructuring plan for the North American Chrysler Group. The cuts will have a devastating impact in areas of the country already ravaged by the loss of tens of thousands of jobs in auto and other manufacturing industries.

The plan, dubbed by workers the “Valentine’s Day Massacre,” includes the shutdown of an assembly plant employing 2,100 workers in Newark, Delaware and a parts distribution center in Cleveland, Ohio. Thousands more will lose their jobs as entire production shifts are cancelled at truck plants in St. Louis and Warren, Michigan, and other cuts hit supplier plants in Detroit, Ontario, Canada and elsewhere.

Nine thousand hourly workers will lose their jobs in the US and another 2,000 in Canada. In addition, 2,000 salaried jobs are being eliminated in both countries.

Other cuts are expected as the effects of the downsizing—which is aimed at reducing production by 400,000 units per year—spread to in-house and outside suppliers, car dealerships, rental agencies and other businesses dependent on Chrysler. The company plans to squeeze \$1.5 billion in savings from its suppliers.

The announcement follows a year of massive job-cutting by the US-based auto giants. General Motors and Ford eliminated more than 70,000 jobs in 2006, bringing the total number of jobs wiped out in the US auto and auto parts sector to more than 150,000 last year.

In announcing the cuts, Chrysler Group CEO Tom LaSorda said, “We will be doing these reductions in a very socially responsible way for our people.”

There is no “socially responsible” way to destroy thousands of jobs and inflict crushing hardship on tens of thousands of families and entire working class communities. In fact, the downsizing announced by Chrysler is the latest round in a ruthless drive to make the working class pay for the crisis of the US auto industry and the profit system as a whole. The North American Chrysler Group lost \$1.5 billion last year.

The beneficiaries will be the big shareholders, bankers and top corporate executives, who count on seeing a rise in the company’s profits and their personal stock portfolios. DaimlerChrysler stock immediately shot up on Wall Street and in global markets after the announcement.

The Midwestern US states, which are already facing a massive social crisis, will bear the brunt of Chrysler’s actions. Michigan—home to 26,000 blue- and white-collar Chrysler workers—has an official unemployment rate of 7.1 percent, second only to hurricane-torn Mississippi. The number of home foreclosures has shot up 100-200 percent in the Detroit metropolitan area and nearly 2 million Michigan residents are receiving government food assistance—with another 300,000 qualified but not receiving aid. This

is highest number in the state in the more than 40-year history of the federal food stamp program.

Robert, a skilled tradesman at a Chrysler plant in the Detroit area, told the *World Socialist Web Site*, “They say it’s 13,000 jobs, but this isn’t the end. It could be 16,000 to 20,000 job losses once the impact of production cuts takes place. The big investors made money as Chrysler stock shot up, but the average guy—someone who has done everything he was told to—is getting slapped in the face and could lose his home and see his family thrown in the street.

“They always blame the workers. We’re supposed to be the ‘lazy over-paid workers’ with too many health care benefits who are responsible for the company doing badly. What a fraud! We don’t make the decisions. But none of the 2,000 management guys being laid off are going to be top executives, who were only interested in building big gas-guzzling cars because they made big profits. They’re going to get bonuses. This is socially unacceptable.”

Chrysler, which was bailed out of bankruptcy through massive wage and benefit givebacks granted by the United Auto Workers union (UAW) in 1979-80 and then bought out by the German automaker Daimler Benz in 1998, will now have fewer than 47,000 hourly workers in the US, down from 134,000 workers three decades ago. In 2001, in the first phase of corporate restructuring, the company cut 40,000 jobs and shut down 16 plants.

The next step for Chrysler, long the number three auto maker in the US, may very well be liquidation. DaimlerChrysler executives, who previously discounted rumors that they were looking to spin off the money-losing US division, announced Wednesday that they “would not exclude any option.” There is widespread speculation that Chrysler could be bought by a US or European competitor, a Chinese auto company, or simply stripped of its assets by speculators such as billionaire financier Kirk Kerkorian.

The United Auto Workers issued a perfunctory statement Wednesday making it clear it would do nothing to fight the destruction of its members’ jobs. UAW President Ron Gettelfinger, who along with representatives of the German metalworkers’ union sits on the DaimlerChrysler Supervisory Board that approved the job-cutting plan, said, “[W]e will work to ensure that as the Chrysler Group returns to profitability, our members have opportunities to return to work.”

The UAW bureaucracy’s only concern is to maintain its cozy relationship with the auto bosses and continue to collect union dues as the companies replace tens of thousands of older, higher-paid employees with a much smaller and more brutally exploited workforce.

Over the last three decades, the UAW bureaucracy has sabotaged every struggle against plant closings, layoffs and wage and benefit concessions. The result of its pro-company corporatist policy has been the elimination of 700,000 UAW jobs at the Big Three automakers

since 1979.

The UAW is once again demanding sacrifices from auto workers to “save” the US auto industry. The union is currently negotiating health care givebacks with Chrysler similar to those granted to General Motors and Ford last year. These imposed out-of-pocket medical expenses on retired workers and their families for the first time ever. Meanwhile, the UAW is expected to negotiate the terms of “separation agreements” that will offer workers a relative pittance in exchange for leaving the company.

The groveling comments of the UAW officials were echoed by Canadian Auto Workers President Buzz Hargrove, who blamed not the corporate executives but Japanese, Korean and European auto companies for “displacing Canadian jobs.”

Not a single prominent Democrat, including all of the leading presidential contenders, has even issued a verbal denunciation of Chrysler. Upholding the unimpeachable “right” of corporations to throw thousands of workers out of their jobs, Michigan’s Democratic governor, Jennifer Granholm, said the decision was unfortunate but “market-driven.”

Granholm added a complaint that the Bush administration had not imposed tough enough trade restrictions on European and Asian auto companies to “level the playing field” for US companies.

Insofar as they make a pretense of concern for laid-off workers, the Democrats, echoing the union bureaucracy, invariably promote the political poison of “America first” chauvinism and xenophobia, so as to divert auto workers from a struggle against big business and pit them against their class brothers and sisters around the world who face similar attacks from transnational companies. Workers at German automaker Volkswagen, for example, face 20,000 job cuts and recently occupied a VW plant in Belgium in an attempt to defend their jobs—a struggle that was betrayed by auto union officials in Europe.

The global auto industry is a prime example of the unplanned and anarchic character of the capitalist profit system and its devastating social consequences. Confronting a global crisis of overproduction—exacerbated by the emergence of new global competitors such as China—every car company in the world is driven to slash labor costs by imposing more brutal speedup, shifting production to low-wage areas, and eliminating tens of thousands of jobs.

The crisis of the global auto industry has been deepened by stagnating markets in Western Europe, North America and Japan—which account for 70 percent of all vehicles—and the fact that the vast majority of the world’s population in the so-called “developing” countries are too poor to even dream of owning a car.

In the US, workers are paying a high price for the unbridled avarice of the American corporate elite, which has sacrificed the long-term health of its own businesses to reap the most immediate and massive financial gain for top executives and Wall Street investors.

The whole of American society is subordinated to the insane drive for the ever-greater accumulation of riches by a wealthy elite, whose socially destructive decisions affect the lives of tens of millions of working people. Workers have no say and no control over the most vital decisions that affect their lives under a market system based on private ownership of the means of production, in which corporate executives exercise dictatorial powers in the work place.

The first step to protect the interests of working people is to institute democratic control over all business decisions affecting work, safety, salaries, hiring and hours. These decisions should be made not by the wealthy few—whose interests are antithetical to the needs of working

people—but rather by committees of factory floor workers, technicians and other experts committed to the interests of the working class. The establishment of industrial democracy requires the opening of the books of all corporations for inspection by the workers, and the ratification of corporate leadership by a democratic vote of all employees.

The mass industries upon which millions of workers and their families depend must no longer be the personal assets of America’s wealthy elite, who dispense with them as they see fit. The last three decades of industrial decay, the ruination of Detroit, Cleveland and other “Rust-Belt” cities, and the corporate criminality at Enron, WorldCom, etc. have demonstrated the incompatibility of such a system with the well-being and health of society as a whole.

If the auto industry is to be run for the good of society, not personal profit, it must be transformed into a publicly owned utility. This will not only guarantee a good standard of living for auto workers and their families, but the production of safe, high-quality and affordable vehicles and public transportation for the world’s consumers. The funneling of wealth into the pockets of the richest one percent in American society must be halted and the revolutionary advances of technology and globally integrated production put to use to meet the requirements of modern society.

It is essential that American auto workers reject the flag-waving chauvinism of the UAW bureaucracy and the Democratic Party and unite with their counterparts in Europe, Latin America and Asia in a common fight to defend the jobs and basic rights of all working people.

The fight for this socialist and internationalist policy requires a break with the Democratic Party—one of the US ruling elite’s two parties of social inequality and war—and the building of a mass socialist party of the working class. This is the task to which the Socialist Equality Party is committed.



To contact the WSWs and the  
Socialist Equality Party visit:

**[wsws.org/contact](https://wsws.org/contact)**