

Shutdown of Chrysler plant hits Newark, Delaware

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On February 14, Chrysler announced its decision to shut down the Newark, Delaware, assembly plant—firing 700 workers by the second quarter of this year and suspending operations by 2009. The shutdown is part of a restructuring plan that entails the destruction of 11,000 jobs in the US and a further 2,000 in Canada.

The 3.4-million-square-foot Newark assembly plant employs 2,100 people, all of whom will lose their jobs when the plant is idled. It produces the Dodge Durango and high-end Chrysler Aspen, both large SUVs that have sold poorly in recent years as customers have begun demanding more fuel-efficient vehicles. The plant recently underwent a \$180 million retooling and boasts higher-than-average productivity levels. When it closes, there will be only one more operational auto plant left in the northeastern US, where as late as 1980 there were six.

The economic impact of the shutdown will be significant. The plant provides the state of Delaware with \$6.8 million in taxable income and generates approximately \$136 million in annual wages. According to the University of Delaware's center for Applied Demography and Survey Research, the plant brings \$300 million in annual economic benefits to the state, down from \$800 million when it operated at full capacity. "It is unprecedented for a plant of this scale to close in the state of Delaware," William Latham, an economics professor at the University of Delaware, told a local newspaper.

By one estimate, the elimination of the second shift will affect another 400 workers further up the supply chain, and the layoff of the last shift will affect hundreds more. Two of the plant's parts suppliers announced layoffs in the months prior to the closing announcement.

In addition to assembly and parts workers, the closure will affect hundreds of service workers and small business owners dependent on its patronage. James R. Malin, owner of Malin's Market and Deli, told a local newspaper, "I've weathered a lot of storms here, but this one here would be the storm of all storms." In the early 1990s, the deli delivered hundreds of dollars worth of food to the plant daily.

Michael Adams, a worker for the nearby Lear parts supply plant, told the *World Socialist Web Site*, "The Newark Lear plant makes seats for the Durangos assembled at the Chrysler. We'll likely see a number of layoffs when production is reduced later this year, and even more layoffs when the plant closes. These will affect the surrounding service businesses."

Equally devastating will be the loss of medical and other benefits won by autoworkers through decades of struggle. A physician assistant at the urgent care unit of a nearby medical center told this reporter, "When people don't have health insurance, they skimp on important medical care and wait till the last minute to get urgent problems treated. A lot of the time, they just don't go to the clinic and hope things get better on their own. At the clinic, we get uninsured

people collapsing in the hallway because they've been putting off treatment for so long."

At its peak, the Newark assembly plant employed more than 5,000 people and ranked as the second-largest employer in the state, second only to the DuPont chemical company. The plant started production in the early 1950s as a manufacturer of tanks for the US military. At the end of the Korean War, Chrysler expanded the plant and converted it to the production of civilian vehicles. It began to scale down output in the 1990s, and has since eliminated its third shift.

The effects of the closing will be compounded by a recent bout of local layoffs in both the manufacturing and service sectors. On February 10, JPMorgan Chase announced its decision to eliminate 147 jobs in the area. This news followed last month's announcement that Bank of America was laying off 100 technical support and administrative workers in Newark as part of the restructuring program initiated by its 2005 merger with MBNA. That same month, Avon cosmetics announced its decision to lay off 350 workers and close its Newark distribution center by 2009, the same year Chrysler plans to shut down its plant.

The elimination of decent-paying jobs—in a city where the cost of living is 15 percent higher than the national average and the median housing price is \$295,000—will have an immense social impact. More than 20 percent of the 30,000 people in Newark already live below the official poverty line—twice the state average of 9.2 percent and 60 percent higher than the national average.

By contrast, in the 2004-2005 school year, the Newark-based University of Delaware doled out the largest executive compensation package of any US public university, lining President David Roselle's pockets with nearly a million dollars in salary and perks. Roselle presided over a program of privatization and cost-cutting that saw the introduction of low-paid temporary workers and contractors, trimming the university's budget by \$32 million. Of the one fifth of Newark residents who live in poverty, a number could justifiably argue that Roselle was paid to help put them there.

In an opinion piece published in the local *News Journal*, Democratic Senator Tom Carper encouraged the plant's remaining employees to work longer and harder to boost productivity and improve "labor-management relations"—i.e., take pay cuts and concessions—in an effort to appease Chrysler in hopes that it might reconsider its decision.

Further, the senator stated, "state and local officials, fresh off completing a much-needed overhaul of Delaware's workers' compensation program, must continue to find other ways to provide a more nurturing environment for job creation and job preservation here, particularly with respect to manufacturing jobs." In essence,

Carper is calling for the state to provide further tax handouts to Chrysler from the pockets of local working people and for workers to give back all of their hard-won gains.

The so-called reforms passed by the state earlier this year will cut worker compensation payments by 15 to 20 percent, and are expected to save companies operating in the state more than \$43 million. The Democrats, like the Republicans, have only one response to the destruction of jobs—cutbacks in social programs and a return to the working conditions that existed before the building of the industrial unions and the passage of the New Deal reforms.

For its part, the United Auto Workers (UAW) union has taken essentially the same line as the state politicians, Democrat and Republican alike, who have used the threatened plant closing to justify providing Chrysler with tax incentives and favorable legislation. After the obligatory platitudes about the company's need to develop products "that are appealing to consumers," the UAW's 10-sentence official statement on the layoffs gets to the heart of the matter: "we will work to ensure that as the Chrysler Group returns to profitability our members have opportunities to return to work." In practice, this translates to more concessions and speedups, and more importantly, a recognition of management's right to do whatever it feels necessary to protect the profits of the company's biggest shareholders.

Much has been made by local politicians of General Motors announcing it would shut down its Wilmington, Delaware, assembly plant in 1992, only to reverse its decision after both the state and the UAW offered extensive concessions to the company. In his opinion piece, Senator Carper called for a reenactment of this "miracle" by means of similar concessions to Chrysler.

Gary, a worker at the nearby Wilmington GM assembly plant, told the WWS, "Chrysler could use the same ploy GM used in 1992 to pay the state less. Our Christmas present that year was an 'official closing notification.' They told us the plant was closing and there was nothing anyone could do to bring it back, but it's still there."

The online forum of the *News Journal* afforded several Newark Assembly plant workers an opportunity to speak out about the closing. One worker commented: "UAW Local 1138 President Jim Fisher found a new job a week before the announcement. How about that! Mr. Fisher put out a letter a few months back letting every employee know that the future was bright for Newark Assembly, telling us that Chrysler was going to bring in at least two new products."

Another worker wrote: "I work at the Newark plant, as do most of my family members.... We live here, in Newark, and have for 40+ years.... My husband has 23 years in, and since he won't have enough time to retire, he 'may' get to transfer to another plant. I only have 14 years seniority, and won't even get that option. I also won't be able to go with him. Will I get a buyout? Maybe, but...don't forget Uncle Sam will get his portion before I will. So, that so-called generous buyout now becomes more like 43k. And that is for anyone with 10 years or more. Is that fair?... And for what? No pension, no benefits, nothing."

John Manley, a Newark mechanic who recently graduated from technical school, told the WWS, "I've got two uncles that are retired from the Chrysler plant. I can tell you that working under a car isn't easy—it takes a lot of specialized skill and experience. The assembly workers deserve every penny in their contract—some of them have been working at the plant for 20 or 25 years, and they'll be cheated out of their retirement benefits. It makes no sense that companies are allowed to lay off thousands of people just to make a profit."

Harry Warner, a local resident, told this reporter: "A worker who is

solidly employed today has to deal with the prospect that he might lose his job and be homeless within six months. There is no real social support system in place. I'm a skilled construction worker, and whenever there's a dip in the construction market, everybody in the sector is hit.

"My 12-year-old daughter and I just got evicted from our apartment, and we need to raise \$2,000 before we can settle in somewhere else—just for a down payment and to get the utilities turned on. When the Chrysler workers get laid off, many of them will likely try to get construction jobs, so it will be even harder to find consistent work in the field. A lot of the workers from the Newark plant will find themselves in the same situation I'm in."

The Newark assembly plant is located down the street from the main University of Delaware campus and directly opposite its largest parking lot and athletic center. Shuttle buses travel between the lot and the main campus, ferrying commuting students between their classes and cars. On the way back to the lot, this reporter struck up a conversation with the shuttle bus driver. Pointing to the SUVs on display stands in front of the plant, the driver asked: "Why doesn't Chrysler make cars that people want to buy? Nobody wants these huge, expensive trucks with terrible gas mileage. Management made a bad decision, and now workers have to pay for it."

Chad Belles, a freshman at the University of Delaware, told the *World Socialist Web Site*, "DaimlerChrysler's been in the black for years. How is it justifiable for them to fire thousands of people just because they had a bad quarter?" He added, "It was management that decided to build a bunch of SUVs that nobody wanted. Why is it that the average worker has to suffer for the bigwigs' mistakes? By closing plants, the company might boost its profits and stock price, but the workers lose everything."

Michael Green, a returning student who worked for 20 years before coming back to the university, said: "The closing makes me feel like we really have very little control over the most important things in our lives. Take, for instance, the war: most people want it to end, but everybody in the government supports it.

"A lot of my friends from high school went to work at the auto plants. Now the opportunities for all working people are being rolled back."



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