

# Chrysler plants reopen as assault on auto workers deepens

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Auto workers at seven of Chrysler's twelve plants returned to work this week after a two-month shutdown following the company's April 30 bankruptcy filing. The Detroit automaker emerged from Chapter 11 last month after a bankruptcy judge approved the creation of a "New Chrysler" based on the sale of most of its assets to Italian automaker Fiat.

Chrysler workers, along with their counterparts at General Motors, are facing a concerted attack on their jobs, living standards and working conditions as the Obama administration presses ahead with its plans to transform what remains of the auto industry as a highly profitable investment for Wall Street.

Chrysler's so-called bad assets, including eight plants, remain under Chapter 11 protection where they are expected to be wound down and liquidated. Meanwhile, GM officials were in a New York bankruptcy court seeking approval of plans to sell the majority of its most profitable assets to the US Treasury.

Harry Wilson, a former hedge fund manager and one of several Wall Street investors on Obama's Auto Task Force, testified Wednesday that the government planned to sell its holdings quickly and a "New GM" would be ready to make an initial public offering to investors by 2010. However, if the court failed to approve the sale of the company's assets by July 10, Wilson warned, the Treasury would not provide any further financing to GM and would allow the liquidation of the century-old industrial giant. "We have no intention to further fund this company," Wilson said. "That has been our position."

GM is seeking approval of terms that would give the Treasury a 60 percent stake in \$50 billion in bailout loans. The United Auto Workers was given a 17.5 percent share in exchange for accepting drastic reductions in retiree health care benefits and other wage and benefit concessions. The federal and Ontario provincial government in Canada would get 11.7 percent.

GM officials outlined their restructuring plans in court, which include the destruction of more than 20,000 jobs and the closing or "idling" of 14 plants. On Monday, GM added another plant to the list of those that would be left in the "Old GM" to be liquidated—the New United Motors Manufacturing Inc. plant in Fremont, California near San Francisco.

GM is pulling out of the 25-year-old joint operation with Toyota, which is expected to shift production to a nonunion factory in

Mississippi, leaving 4,700 workers with jobs. The UAW is offering major concessions to keep operations going. The closing would mean the shutdown of the last auto factory on the West Coast.

## Medical benefits cut, pensions imperiled

This week hundreds of thousands of GM and Chrysler retirees and their dependents also lost their dental and optical benefits, under the terms of an agreement demanded by the US Treasury and pushed through by the UAW. About 292,000 hourly retirees covered by UAW contracts are affected nationwide, as are about 358,000 of their spouses and dependents.

The vast majority of the hourly retirees—128,000—are in Michigan. Rounding out the top five states are New York with 14,300, Ohio with 29,000, Indiana with 28,000, and Florida with 10,500, a spokesman for Delta Dental told the Associated Press. Thousands filed into dentist and eye doctor offices before the July 1 deadline, which will impose hundreds of dollars in out-of-pocket expenses for future care or force retirees to do without. Delta Dental is laying off 10 percent of its staff due to lost business.

Another disaster in the making is the possibility that the automakers will run out of money to pay for retirement benefits. The *New York Times* reported that GM has used billions from its pension fund to finance severance packages and buyouts to get rid of higher paid workers under a 2007 agreement with the UAW. That agreement also allows the company to hire new workers at half the wage of current workers and escape obligations for pension and retiree healthcare benefits.

"GM basically raided the pension plan, by having a lot of these severance benefits paid through it," Douglas J. Elliott, a fellow with the Brookings Institution who specializes in financial institutions and policy, told the *Times*.

Under the "30-and-out" benefit won in the 1970 GM strike, auto workers qualify for a \$19,000 basic annual benefit, plus another \$18,000 supplement until Social Security benefits kick in at age 62.

The raiding of the fund to pay for buyouts, plus the impact of the stock market losses of 2008, means the money could soon run out. "My guess is, they can probably go for 20 years before they run

out of cash,” Elliott said. “That may sound like a long time, but with so many retirees and spouses still in their 50s, the plan needs resources for at least 50 years.”

The crisis takes place as June vehicle sales continue at their lowest pace in decades. US sales fell to an annualized total of 10 million, down from an average of nearly 17 million for most of the decade. All of the major manufacturers have seen double-digit declines since last year, including GM (34 percent), Chrysler (42 percent), Toyota (32 percent), Honda (30 percent) and Ford (11 percent).

In addition to the major automakers, the collapse of the auto market is triggering a wave of bankruptcies among auto suppliers. Michigan-based Lear Corporation, a seat and electronic supplier with 80,000 worldwide employees, filed for Chapter 11 Wednesday, becoming the 15th major supplier to do so in 2009. Last month, the Obama administration rejected a request from suppliers for a \$10 billion bailout even though analysts predict 50 to 70 auto parts makers could go bust this year.

Chrysler Financial, once the financial arm of the new Chrysler Group LLC, also announced it would dismiss 350 employees, or 9 percent of its work force. More than 100 of the layoffs were effective Tuesday and will come primarily out of the company’s sales teams. Another 240 will come at the end of August, when a customer call center in Kansas City, Missouri, will be closed, the company confirmed.

A WSWs reporting team spoke with Chrysler workers at the Sterling Heights Assembly Plant in suburban Detroit this week. The factory, which employs 1,400 workers, is one of eight plants the company plans to close by December 2010. Workers expressed anger at the plant closing and unrelenting demands for concessions, yet they saw little means to resist since the UAW has collaborated fully with the Obama administration and the employers against auto workers.

The WSWs team passed out a statement calling for the formation of independent rank-and-file committees to mount a struggle to stop the plant closings and overturn the concessions agreed to by the UAW.

David Ratliff, a worker with 15 years at the plant, denounced the concessions forced on auto workers, “My grandfather worked for the company 38 years. Now he is 90 and he is losing his vision and dental.”

He expressed anger at the policies of the Obama administration, which intervened to force Chrysler and GM into bankruptcy. “We are the ones that make the economy run, not the banks—people who work every day, whatever they do, not the CEOs. We, the people, have got to stop thinking that there is nothing we can do about what is happening. But people have to get together, not just one person.

“The people who fund the elections get the representation. But we are the real America, we build the buildings, pave the streets, but we get the short end of the stick every time. Now they are saying we won’t have money for Social Security because of what they are doing in Iraq. War is all about money.

**“The banks got us into this.”**

Another worker, with 36 years in the auto plants, denounced the contract forced through by the UAW. “We got jammed.” Looking back on his experience over the last 30 years he added, “When they gave [former UAW President Douglas] Fraser a seat on the Chrysler board—I knew it was all over then.”

Marrie, a worker with 26 years at Chrysler, added, “We assumed that Fiat was going to build here. We’re trying to get Fiat to come to our plant. Now we’re at the top of the line. We’re building. We’re at the top of the charts. They showed us all this stuff Monday at the big rally, at the Town Hall meeting—how we’re doing so good, how we made all these concessions and everything—and yet they’re still closing our plant. Why?

“Everybody’s making money but the rich want to get richer and make the poor poorer. They don’t want a middle class. They want rich; they want poor.

“Right now, I’m scared. I don’t know where they’re going to send me when the plant closes. I’m scared of that. In fact, if I got a package, I would take it and run, but I know I’m not going to get that package, so what am I going to do for the next four or five years?

“Where are they going to send me? I might wind up on the other side of Michigan, you understand? I stay in Monroe and I drive all the way out here. Now I could be at Trenton, I could be down the street, or I could be up North somewhere, I don’t know. Wherever they send me I’ve got to go. I don’t like it.”

Another worker, Tracy, added, “It’s pretty bad. We are back for this week and next week, then the factory is going to close again. Could be for a couple more weeks, could be indefinitely.”



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