

Michigan Chrysler workers reject union-backed local contract

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Last week, workers at the Dundee Engine Plant, southwest of Detroit, voted by a resounding 73 percent against a new local contract agreement supported by the United Auto Workers. The vote was the first rejection of a UAW local contract since Chrysler exited bankruptcy in 2009.

The result came as a surprise to both company and union officials. The Dundee workers clearly took the vote as an opportunity to express their frustration with the conditions in the factory and the UAW.

Chrysler management reacted to the vote with anger and arrogance, imperiously instructing the union to force the contract through. “We are not going to reopen negotiations,” Chrysler spokesperson Jodi Tinson told the *Detroit Free Press*. “We had an agreement we expected to be ratified. Now it’s back to the local to figure out what went wrong.”

Union officials admitted the vote caught them by surprise and said they would work on the problem right away. “I don’t know what happened,” commented Tom Zimmerman, UAW Local 723 plant chairman, to the *Detroit News*. “I thought we had a good win-win contract. I’m bracing for the fallout.”

The union said it would hold a series of meetings this week as part of an effort to push through the agreement.

It is unclear precisely what Zimmerman means by fallout, except that he will have to explain the rejection to the UAW national leadership, which is working with the company and the Obama administration to drive down wages and cut other costs.

The UAW auto bailout contract in 2009, establishing second-tier wages for all new-hires, has become the model for the “in-sourcing” campaign the union has launched. The UAW has a seat on Chrysler’s board of directors, where it participates in decisions to cut the living standards and benefits of its members. The union

was also given the majority of the shares of the company, 55 percent, as a part of the agreement worked out with the Obama administration.

The 2011 four-year agreement the UAW signed with Chrysler, this time under the aegis of Fiat Chairman and CEO Sergio Marchionne, continued the cost-cutting policies. Chrysler already has the highest percentage of two-tier workers of the Big 3—12 percent—and the lowest labor costs.

“There will be no impact on production,” Chrysler’s Tinson told the media. “They can’t strike,” she noted with satisfaction, due to the no-strike agreement the UAW signed as a part of the bailout.

Contrary to the claims of bewilderment by the UAW, the anger of the workers and their opposition to the contract are easy to understand. Of the 581 members of UAW Local 723 in Dundee, half are new-hires, meaning they start at the near-poverty wage of \$14.65 an hour.

Chrysler workers have not received a wage increase in nine years, which translates into a significant cut in income with inflation taken into account. There were no bonuses included in the most recent agreement, a feature that many workers look to as a means of offsetting the loss in wages.

The media reports that morale at the plant dropped significantly last year when the company introduced a weekly rotating shift schedule; older workers said they could never adjust to the constant change. Workers were placed on 12-hour shifts that switched from nights to days each week. The schedule was later discarded.

Chrysler is launching a new Dodge Dart this fall as part of its compact roster. Its engine is made only in Dundee. The plant also produces the 1.4-liter engine for the Fiat 500 and the 2.0- and 2.4-liter engines for several other Chrysler models.

The Dundee facility, which opened in 2005, was originally known as the Global Engine Manufacturing Alliance (GEMA) and was a joint venture of Chrysler, Hyundai and Mitsubishi.

Workers at Dundee Engine made national news last year after voting to strike Chrysler over the rotating shifts. The UAW refused to call a strike.



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