

# Fiat-Chrysler boss wants wages tied to profits in new auto contract

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Eliminate the two-tier wage? Sergio Marchionne says yes, but the Fiat-Chrysler CEO wants to bring everyone down to a poverty wage level based on corporate profitability.

In remarks at the Detroit auto show last week, Marchionne reiterated earlier statements calling for ending the higher tier wage and creating a new lower, performance-based pay scale. The comments came in advance of the expiration of the national contract for 139,000 workers at General Motors, Ford and Chrysler in September.

Currently tier two workers earn a little more than half the standard base wage of \$28 per hour. At current hiring rates the number of second tier workers at Chrysler facilities is expected to soon reach more than 50 percent.

Last May the *Windsor Star* quoted Marchionne calling for a freeze of the top tier wage in preparation for its eventual elimination. “We have to replace the tier two wage structure with something that reflects the sharing of the economics of running this enterprise. I do see in some particular cases the tier twos should be able to make more than a tier one, but only in the event that the company is successful. I object violently to the notion of entitlement in the wage structure. That is something that is incredibly unwise.”

As for the older, higher paid workers, Marchionne said, “The real problem here is we need to freeze the tier ones and make them a dying class and I don’t mean this literally.

While Marchionne wants to lower the top rate—some analysts say to \$20 an hour—or eliminate it altogether, he no doubt feels he is “entitled” to tens of millions in salary, stock options and other compensation. In fact, the auto companies are moving toward the elimination of any kind of guaranteed base wages. In the future

workers’ wages will depend on the profits of the corporation and individual “production targets.”

If profits fall, due to the economic crisis or the destructive and self-serving actions of top management, it will be the wages of workers that fall. This follows Marchionne’s declaration in 2009 that Chrysler workers had to give up their “culture of entitlement” and accept a “culture of poverty.”

Capitalism is reducing workers to little more than impoverished industrial slaves. Helping the auto bosses is the United Auto Workers (UAW), which has spent decades imposing wage cuts and other concessions on workers while peddling lies about the virtues of “profit sharing.” In the end, the UAW’s acceptance of the two-tier wage was not a temporary expedient as it claimed, but a step towards imposing poverty level wages throughout the auto industry.

The *World Socialist Web Site* recently spoke to workers at Chrysler’s Warren Truck plant in suburban Detroit to get their reaction to Marchionne’s comments.

Randy, a two-tier worker with eight years in the auto industry was adamantly opposed to the two-tier wage. “The two-tier wage should be eliminated. There should be only one. Everyone is agreed that the two-tier wage is an insult.

“Marchionne might say he wants to eliminate the top tier wage and bring everyone down, but 99 percent of the workers here will not go for that. Since 2008 there have been mega profits, but the workers haven’t seen any of it.

“I could see a strike happening if certain demands are not met.”

Randy described the impact of the two-tier wage on his life. “It takes a lot of work to get by. When I work overtime is the only time I can breathe financially. It is

hard to make it working just normal hours.

“But with overtime there is less personal downtime. Less time to get chores done and errands done and less time with the family.”

He pointed to other issues as well, such as the alternative work schedule, where workers work staggered 10-hour shifts without the payment of overtime after 8 hours. “I worked on “B” crew a couple of years and didn’t like it, working Saturdays without overtime.”

He told the WSWS when he first started working in the auto industry for a subcontractor he earned more than when he got hired in at Chrysler. “We were quality control, but we weren’t unionized. When were brought into Chrysler my wages were brought down to the second tier. In addition, I am working a lot harder than I did before because I am working on the line now.”

Eric, a veteran Warren Truck worker, also denounced the two-tier wage. “All of it was a business ploy to create separation,” he said. “They should absolutely get rid of that.”

He ridiculed Marchionne’s suggestion that the top tier wage should be eliminated. “To even suggest you would take it away is a joke. I don’t believe he can even be serious. You want to take it away, how can you expect me to do the same job? It won’t happen.

“You have a huge percentage of workers here that are two tier and are going to be ready to fight and stand up. It is a different group than you had here in 2008 when there were a lot of workers ready to retire.”

The WSWS also interviewed a young contract worker at Warren Truck. Contract workers in the auto plants comprise a de facto “third tier,” in many cases making even less than second tier workers.

“I work as a frame inspector. When I started four years ago I was making just \$12 an hour. This is my second job because you have to work two jobs to make it. I have to take care of my family. My company is based in Mexico and we are all contractors. I am paid as a salaried worker so that means I don’t get paid time-and-a-half or double-time.”

Marchionne’s statements are a forewarning of the kind of rotten agreement the UAW plans to negotiate in the 2015 contract talks. No one should believe the statements by UAW President Dennis Williams about ending low wages in the plants. At the Lear seating

factory in Hammond, Indiana last year, the UAW agreed to create a new classification for so-called “sub-assembly” workers who will be paid even less than second tier workers.

A struggle to abolish two tier wages and raise pay so that all workers and their families can enjoy a decent life requires a new strategy and organization. Workers must break with the pro-company UAW and create new rank-and-file based organizations to defend the social rights of the working class, not corporate profits.



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