

Downsizing begins as Fiat Chrysler seeks merger partner

Shannon Jones
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The recent announcement by Fiat Chrysler CEO Sergio Marchionne that the company will stop production of small and midsize vehicles throws into question the status of thousands of jobs at the automaker's US operations.

The change is part of continuing plans by Marchionne to seek a merger partner for the auto company. The Fiat Chrysler CEO said he plans to eliminate small car production in order to focus on larger, more profitable vehicles such as the Jeep Grand Cherokee and Dodge Ram truck.

Meanwhile, some 3,000 autoworkers are continuing on a six-week layoff at FCA's Sterling Heights Assembly Plant outside Detroit. The facility, originally set for shutdown in 2009, was retooled to build the Chrysler 200, one of the vehicles the company now says it wants to phase out.

Workers began the layoff February 1 and are scheduled to return on March 14. The plant is scheduled for another temporary shutdown in April.

As the *World Socialist Web Site* and the *WSWS Autoworker Newsletter* warned at the time of the 2015 auto contract negotiations, Fiat Chrysler and the UAW were concealing the implications of a potential merger from rank-and-file autoworkers. In fact, the 2015 agreement contained no job guarantees.

A second tier worker at the Sterling Heights Stamping plant, where 150 workers are on voluntary layoff due to the shutdown of the nearby Sterling Heights assembly plant, spoke to the *WSWS*. Under the two-tier wage system second tier workers receive significantly lower pay and inferior benefits to tier one workers. "The shutdown is not being discussed in union meetings," she said. "I don't think it is right. If Marchionne was planning on selling the company, he was planning during the contract time. I don't understand a lot of things that go on. They are a corporation, so they can do what they like."

She said that she had been very critical of the sellout agreement rammed through by the UAW during the 2015 contract negotiations, explaining, "I couldn't see voting for something without a pension, especially with me being older."

"There will still be tier one and tier two with the new contract. They got rid of the cap (on the percentage of tier two workers.) It is just amazing to me how they could let that happen."

Workers at the Sterling Heights Assembly Plant have faced delays in receiving their unemployment benefits from the state of Michigan. What the company calls issues in timing caused some hourly workers to receive only one week's unemployment pay instead of two.

Workers seeking to collect unemployment benefits must navigate the state's automated response line or website. Mistakes in the filing process can result in workers not receiving their benefits. Job cuts to state employees often make it difficult for those applying for benefits to reach a live representative in case problems arise in the course of filing.

In the past workers got up to 95 percent of their regular pay when they are laid off under terms of the national agreement. Part of that money comes from the company—in the form of Supplemental Unemployment Benefits (SUB)—and part comes from state jobless benefits. But, any delays in getting money from the state cause a hold up in pay from the company as well.

A veteran worker at the Sterling Heights Assembly told the *WSWS*, "The state is only paying you when they are ready. It is not easy being on unemployment. I would rather be working."

Under the terms of the new UAW labor deals the companies are not making any additional SUB payments. In a conference call with investors late last year, a Ford executive boasted that freezing SUB pay would "allow us to adjust our workforce in a fairly cost effective way

because our newer employees have lower seniority and they would be the first to be impacted in the event of a downturn.” SUB pay for so-called in-progression workers “maxes out at 26 weeks and is roughly 74 percent of their pay,” he said.

Fiat Chrysler is now planning to end production of the Dodge Dart, which is built in Belvidere, Illinois, in addition to the Chrysler 200. The plant currently employs 4,000 hourly employees and there is no estimate of the impact on jobs.

The Dundee, Michigan engine plant south of Detroit could also be impacted by these moves, since the facility currently produces engines for the Dart and Chrysler 200. That facility employs 570 hourly workers.

In preparation for the shutdown of production of the Chrysler 200 the company plans to cut production from 189,000 vehicles last year to 120,000 this year. This likely means that Sterling Heights Assembly workers will be dealing with continued layoffs as the company ramps down production.

Earlier, the *Detroit Free Press* reported that Fiat Chrysler plans to shift production of the Ram 1500 pickup from the Warren Truck Assembly Plant in suburban Detroit to Sterling Heights. That would likely not happen before 2018, but the Chrysler 200 could be completely phased out in the meantime.

Meanwhile, there have been reports that Warren Truck would build the Jeep Grand Wagoneer in place of the Ram. But the Wagoneer is a slow selling vehicle, so it is not clear how many workers would need to be retained at the facility, one of Fiat Chrysler’s oldest assembly plants and a worksite long rumored to be on the list for closure.

The Sterling Heights Assembly worker explained, “You know how many times Chrysler has been married and divorced. All we know is what we hear on the news. The union isn’t saying anything. They lied all the way around. The (2015) contract was a joke. I spent the signing bonus money in one day.

“Now we are laid off and they are sending the second tier workers to Jefferson North Assembly and Warren Truck. You ask the union any questions about it and they mark you as a troublemaker. They do what they want to do.”

Fiat Chrysler is reportedly looking at a number of different companies as possible merger partners. While General Motors has repeatedly turned down overtures from Marchionne, a number of other companies are cited as merger candidates by the *Free Press*. These include PSA Peugeot Citroen, the French automaker; Hyundai-Kia

of Korea; Japanese-based Honda and Mahindra, the Indian conglomerate.

The plans to shut down small car production and focus on larger, higher fuel consumption vehicles are based on the gamble that low fuel prices will continue into the indefinite future. Further, a deepening economic slump could quickly make a shambles of all these calculations.

For its part the *Free Press* warned that a botched merger could “devastate FCA and lead to job losses and plant closures.”

Fiat Chrysler’s latest moves underscore the degree to which the jobs and livelihoods of autoworkers are dependent on the whims of management and the vagaries of the capitalist market. It underscores the irrational and chaotic character of private ownership and production for profit.

The United Auto Workers has been largely silent on the implications of continued talks of a merger. It responded to Marchionne’s announcement of the phasing out of production of the Dodge Dart and Chrysler 200 by asking for a meeting. The UAW defended Marchionne’s plan to focus on high fuel consumption vehicles, discounting the possible impact of a rise in gas prices on sales. “I see that trend going for a long, long time,” UAW President Dennis Williams told *Reuters* of current sales patterns. “In part because of improving fuel economy of larger vehicles.”

As an organization based on American nationalism and defense of the capitalist profit system, the UAW has no answer to the threat of layoffs and plant closings. Its only “solution” to the threat of job cuts is to join with management to extort more concessions from workers and aid company efforts to squeeze out greater productivity to make the company more “competitive” with its US and overseas rivals.

The working class must advance its own solution to the chaos of capitalist production by fighting for a program based on the public ownership of the auto companies under the democratic control of the working class. Only in that way can the resources of society be allocated in a rational and planned matter to meet both the needs of the public to safe and high quality vehicles and for workers to have secure and decent paying jobs.



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