# Slumping car sales lead to extended layoff of Fiat Chrysler Sterling Heights workers

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Workers at the Fiat Chrysler Sterling Heights Assembly Plant are continuing on layoff due to slumping sales of the Chrysler 200 and Dodge Dart.

Last week Fiat Chrysler announced that what had originally been scheduled as a six-week layoff would be extended for another three weeks. Workers are now not set to return until April 4. During the layoff period workers get a percentage of their regular earnings through a combination of state unemployment benefits and supplemental pay from the company.

The layoffs affect some 2,600 hourly workers at Sterling Heights Assembly and another 150 workers at the nearby Sterling Stamping plant. Some 400 skilled trades and maintenance workers are not affected at Sterling Heights Assembly.

The layoffs follow the announcement by Fiat Chrysler CEO Sergio Marchionne that the company will stop production of the Chrysler 200 and the Dodge Dart in the coming period. The company is reportedly in discussion with outside parties to continue small car production in order to concentrate on larger, higher profit margin vehicles like the Dodge Ram truck and its line of Jeep products.

Sales of the Chrysler 200 were down 61 percent compared to the same period one year ago, to fewer than 12,000 vehicles. The sales decline follows the decision by Fiat Chrysler management to pull back on dealer incentives last November.

According to *Ward's Automotive*, FCA had 147 days of inventory in stock of the Chrysler 200, far more than the 60 to 65 days supply considered normal.

Sales of the Dodge Dart have fallen 26 percent so far this year. There has been no announcement of layoffs yet at FCA's Belvidere, Illinois assembly plant where the Dart is made.

At one time FCA considered the Chrysler 200 a means to secure a position in the US passenger car market. The company spent $1 billion retooling the Sterling Heights facility, which had originally been scheduled to close permanently, to build the 200.

The only official reaction to the layoff extension came from United Auto Workers Local 1700 President Charles Bell, who told the *Detroit Free Press*, "We are confident we will go back to work in April."

In fact, the national UAW-Fiat Chrysler contract agreement signed last fall opened the way for the current round of layoffs, containing no provisions to halt the contracting out of production.

Sterling Heights Assembly workers contacted by the WSWS said that the plant is scheduled to be shut down again later this spring for retooling. Fiat Chrysler is reportedly planning to shift production of the Dodge Ram truck from the Warren Truck plant to Sterling Heights over the next eight to 10 months.

Stacy, a veteran Sterling Heights worker, told the WSWS, "All I know is that the truck is coming, but there is no definite information about what is happening. Corporate keeps that hush-hush.

"We went through this before during the bankruptcy. It is coming full circle."

Workers at the Warren Truck plant face an uncertain future. There are reports that FCA plans to move the Jeep Grand Wagoneer to the plant to replace the Ram. However, the Wagoneer is a slow selling vehicle and it is unlikely that FCA will need to retain its entire current workforce at the facility.

A tier-two worker at Warren Truck told the WSWS, "The union hasn't said anything to us. All I know is what was rolled out to us prior to the [2015] contract vote – that a new vehicle is coming, but no one specifically said what it is. At this point it looks like some of us will stay here and some will go over to

Sterling Heights when the change occurs."

There are signs that the auto sales boom of the past several years may be winding down. A report Sunday in the *Wall Street Journal* notes that delinquency rates for so called subprime auto loans have risen. Subprime loans account for about 20 percent of the $1 trillion in auto loans made last year. Nine out of 10 new cars and more than one-half of used cars are financed.

While a majority of subprime loans are for used car purchases, the rising delinquency rates are a sign of weakness in the overall car market.

The *Journal* asserts that the automakers have boosted sales by extending credit to those with low credit scores. It cites one recent bond made up of subprime loans where, through February, 12 percent of the underlying loans were at least 30 days past due and one-third were 60 days past due.

The *Journal* writes, "The 60-plus day delinquency rate among subprime car loans that have been packaged into bonds over the past five years climbed to 5.16% in February, according to Fitch Ratings, the highest level in nearly two decades. The rate of missed payments is higher for loans made in more recent years, a reflection of more liberal credit standards and the larger number of deals from lender serving less creditworthy customers, according to Standard & Poor's Rating Services."

It goes on to cite a hedge fund manager who declares, "What's driving record auto sales is not the economy, but record auto lending." He said that lenders have systematically loosened loan-underwriting standards.

The UAW has no answer to the mounting threat to jobs except the promotion of rabid American nationalism, blaming workers in Mexico, China and other countries for stealing jobs in the US. In fact layoffs are a product of the developing global economic slump, a consequence of the anarchy of capitalist production.