

Fiat Chrysler axing 1,400 jobs at Sterling Heights, Michigan plant

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Fiat Chrysler said Wednesday that it will eliminate a full shift, about 1,300 workers, at its Sterling Heights Assembly Plant (SHAP) north of Detroit on July 5. Another 120 workers at the nearby Sterling Stamping plant are also slated to be idled. The job reductions would be the first layoffs by the company since it emerged from bankruptcy in 2009. About 1,900 will remain at SHAP after the cuts.

The layoffs follow the announcement earlier this year by Fiat Chrysler CEO Sergio Marchionne that the company plans to phase out production of its smaller cars, the Chrysler 200 and the Dodge Dart. The Sterling Heights facility builds the 200. Marchionne has indicated the company in the future plans to outsource the building of smaller vehicles to a third party supplier.

Sales of the Chrysler 200 have plummeted since the company dropped sales incentives on the vehicle in December. Sales of the 200 dropped 63 percent in 2016 through the month of March. As of last Friday the company reported 34,268 unsold cars in its inventory. That represents a 150-day supply at current sales levels. Workers at SHAP have been on layoff already for 12 weeks this year due to the sales slump.

Across the United States passenger car sales were down 5.3 percent this year while sales of light trucks increased 11 percent. Meanwhile, major automakers continue to experience sales declines in China.

Fiat Chrysler said it would place laid off Sterling Heights workers into open full-time positions at other Detroit-area plants as they became available based on seniority.

In response to the layoff announcement Norwood Jewell, UAW vice president for Fiat Chrysler, offered a statement brimming with mealy-mouthed complacency, declaring, “While today’s announcement of a shift reduction at Sterling Heights Assembly is unfortunate, it is not unexpected. FCA is not the only company

experiencing a slow market for small cars.”

Jewell, who rammed through a concession contract on FCA workers last fall after they rejected the first UAW-backed agreement, continued, “The company has been planning to increase its capacity to build more trucks and SUV’s. I believe in the long term this move will be a positive one for our members and the company.”

The layoffs at SHAP come as Fiat Chrysler sits on a reported cash hoard of some \$13 billion. The company recently gained access to the money after buying back bonds that had restricted the funds from being transferred outside the company’s US unit.

Several workers told the WSWWS they first learned of the layoffs from news reports.

A tier two worker at SHAP told the *World Socialist Web Site* that he had just heard Wednesday that Fiat Chrysler planned to eliminate a full shift. “They didn’t give us all the details. I still need to get a clear understanding of what is going on. You hear different things from different people and rumors spread fast. They are saying it might be for six months.

“We go back to work from the current layoff on Monday and will work through until July 5, which is the time for our normal summer shutdown.”

A veteran SHAP worker said, “I didn’t hear the news until my son called me about it, but we had already heard rumors. We have only worked two weeks this year. They have sent the new hires who have a little seniority over to work at other plants like Jefferson North Assembly. We were supposed to go back to work three weeks ago, then they called us and said don’t come in until Monday.”

She expressed concern over the future of jobs at the facility. “They could just shut the plant down, because we don’t have a union. The UAW lets them do what they want.”

A second-tier worker at the Jefferson North plant added, “My best friend works at SHAP. She’s raising two kids

on her own and is living on unemployment benefits and sub pay. To tell you the truth even if you had two incomes in a family it would not be enough.

“We heard about the poor sales of the 200 since last year. How long is it going to before they eliminate the first shift? Obama’s claims that the economy is doing great are BS.

“We are worried about our jobs at Jefferson. They just did an audit and said our quality was down and we will find out in the summer whether they are going to eliminate the third shift at my plant. They’ve made threats like this before but this time we’re concerned. Sure the quality is down; it’s because they won’t shut down the line to do needed repairs on the equipment or make corrections on the cars. All they want to do is keep the line moving, to get quantity, not quality.”

She said things had gotten worse since the UAW pushed through the new four-year agreements. “Management is doing what they want because of the contract. No one is fighting for the autoworkers.”

Under terms of the 2015 UAW-FCA agreement there are no job guarantees and outsourcing of work is permitted. The UAW agreements also sanctioned the plans by FCA, GM and Ford to shift small car production to Mexico to exploit lower wages, while retaining production of highly profitable pickups and SUVs in the US.

The job cutting by Fiat Chrysler followed Ford’s announcement that it would build a new small car plant in Mexico. The facility will employ 2,800 and start production in 2018. Ford said labor costs were a consideration in the move. Ford had earlier announced that it would discontinue production of the Focus and C-Max hybrid at its Wayne, Michigan assembly plant.

Hostile to any fight to unite US, Mexican and Canadian workers, the UAW is promoting economic nationalism while slashing wages and conditions of US workers in the name of “in-sourcing” jobs from lower paying countries.

In an April 4 letter to the *New York Times* denouncing the Trans-Pacific Partnership trade deal, UAW President Dennis Williams wrote “Company unions there [Mexico] are more aligned with employers than with workers.” As every autoworker knows the UAW has long been “aligned” with the employers and has suppressed any resistance of workers to its corporatist “partnership” with the auto bosses.

It has been 40 years since the UAW called a nationwide strike in the auto industry. Since then real wages have plummeted and hundreds of thousands of jobs have been

eliminated. The fact noted by Williams that one quarter of US manufacturing workers earn less than the poverty wage of \$11.91 an hour is a devastating indictment of the so- called labor movement in the United States. It is the inevitable product of the systematic drive by the UAW and all the US unions to force down real wages in order to help US companies to compete on the world market.

Chrysler earlier indicated that it is planning to shift production of the Dodge Ram from the nearby Warren Truck Assembly Plant to SHAP. No official timetable for the move has been laid out, but it is thought it will take place over the next eight to ten months.

As a consequence, workers at the Warren Truck plant face uncertainty over their jobs. There have been suggestions that the Jeep Wagoneer will be produced at Warren Truck, but that is a slower selling vehicle than the Ram.

According to a report in *thestreet.com* there are signs that the boom in car sales is slowing. Sales of vehicles in March did not meet estimates and there are indications that carmakers are struggling to meet sales goals through such measures as increasing fleet sales, boosting incentives and using extended terms to keep lease payments low.

The seasonally adjusted sales rate fell to 16.56 million in March, well below forecasts of 17.3 million. The pace of sales was the lowest since February 2015.

SHAP had been slated to close in 2009, but Fiat Chrysler retooled the plant for the production of the Chrysler 200.

Workers at the Belvidere, Illinois Assembly Plant that builds the Dodge Dart, which also has seen sharp sales declines, have not as yet faced layoff. The facility also builds the Jeep Patriot and Jeep Compass.



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