

Fiat Chrysler layoffs hit workers in suburban Detroit

Jerry White
8 April 2016

The announcement that Fiat Chrysler is eliminating the second shift at its Sterling Heights assembly plant in suburban Detroit, wiping out 1,420 jobs, has sent a chill through autoworkers who see this as the writing on the wall for future layoffs throughout the industry.

Citing falling sales volumes for its mid-sized Chrysler 200 model, Fiat Chrysler Automobiles (FCA) announced Wednesday it would start permanent layoffs in July at the giant plant, which has been temporarily closed since February 1. A spokesperson said the job cuts were needed “to better align production with demand.”

Autoworkers in the Detroit area expressed concern that the impact of the layoffs—which include 120 at the neighboring Sterling Heights Stamping Plant—would reverberate throughout the metropolitan area.

Workers at the Warren Truck Assembly Plant feared that many lower-seniority workers at the factory, including part-timers and temporary workers, would be bumped out and lose their livelihoods. (See adjoining article:)

The job cuts are the first permanent layoffs in the US industry since Obama’s bankruptcy restructuring of General Motors and Chrysler in 2009. In the aftermath of the deep wage and benefit cuts imposed by the United Auto Workers as a condition of the White House bailout, FCA, General Motors and Ford hired some 40,000 workers at nearly half the pay of the existing workforce.

Due to record auto sales—fueled by pent-up demand since the 2008 crash, lower gas prices and relatively low financing costs, including subprime auto loans—the United States has become a profit center for the global automakers, which have faced depressed markets in Europe, Latin America and increasingly China. Increasingly, however, industry analysts are warning about a downturn in US car sales and “overcapacity” in the US auto industry. This foreshadows the type of bloodletting in the industry that has already destroyed tens

of thousands of jobs in the steel, mining and energy industries.

This is part of a global process, as transnational corporations and governments in every country are making the working class pay for the global capitalist crisis. In China, some 1.6 million steelworkers and coal miners face the loss of their jobs. The mass layoffs and mill closures recently announced by Indian-based conglomerate Tata threaten to end steelmaking in Great Britain, while possible mergers between Germany’s Thyssen Krupp and Salzgitter or Thyssen Krupp and Tata would lead to tens of thousands of layoffs. The takeover of Virgin America by Alaska Airlines this week is a sign that a new wave of mergers and acquisitions will soon hit the global airline industry, also leading to job cuts.

The worldwide assault on jobs and wages has become a driving force in the class struggle with strikes since the beginning of the year by workers in China, ArcelorMittal steelworkers and Nissan autoworkers in Mexico, Tata Nano autoworkers in India, and others.

The increase in the official employment rate in the United States is chiefly due to record low levels of labor force participation and the growth of part-time, temporary and contract work, with most new jobs paying low wages. Manufacturing workers were once one of the most highly paid sections of the working class, but today, one-quarter of all manufacturing workers earn \$11.91 an hour or less.

The job cuts at Fiat Chrysler confirm the warnings the *World Socialist Web Site* made last fall when it said the four-year labor agreements pushed by the United Auto Workers (UAW) would only facilitate the destruction of jobs, wages and work conditions.

After FCA workers rejected the first proposal by the UAW by a 2-to-1 margin in September 2015, defeating a UAW-backed national contract for the first time in 33 years, the union hired a public relations firm to push through a second deal, claiming it contained “product

commitments” and “job security” protections against future layoffs.

The WSWS *Autoworker Newsletter* warned that FCA boss Sergio Marchionne, “has made no secret that he wants to make FCA a more attractive partner for a mega-merger to eliminate ‘overcapacity’ and share capital costs, a move that would trigger a further consolidation of the global auto industry at the cost of tens of thousands of jobs.” As for the job security pledges of the UAW, they “include an escape clause allowing the closure, sale or spin-off of business assets if conditions ‘arise that are beyond the control of the company’ including ‘market-related volume declines or significant economic decline’.”

The claim that the hated two-tier wage system was being eliminated and that lower-wage “in-progression” workers would receive top pay by 2023 means nothing if they do not last that long on the job. In fact, the contracts sanction the use of more temporary, part-time workers who can be hired and fired at will and lower supplemental unemployment benefits for “in-progression” workers, meaning that it will be cheaper for the corporations to lay them off.

In its response to the Sterling Heights announcement, the UAW made it clear it would do nothing to stop workers from being tossed onto the streets. UAW Vice President Norwood Jewell—who made \$155,459, plus perks, last year and whose son is also on the UAW International payroll making \$117,196—called the announcement “unfortunate” but “not unexpected.”

“FCA is not the only company experiencing a slow market for small cars,” Jewell declared, adding, “The company has been planning to increase its capacity to build more trucks and SUVs. I believe in the long term this move will be a positive one for our members and the company.” The slashing of FCA workers’ jobs was not “unexpected” because the UAW is working hand-in-glove with the corporations to slash jobs and labor costs.

Marchionne has threatened to “outsource” all small car production and keep only highly profitable pickup and SUV production in the company’s US plants. The Chrysler 200 and Dodge Dart models will likely be moved to lower-wage factories in Mexico. Earlier this week Ford announced it will build a new \$1.6 billion assembly plant in the Mexican state of San Luis Potosi for small car production.

Hostile to any fight to unify US, Canadian and Mexican workers in a common struggle against the global corporations, the UAW is once again promoting “Buy

American” national chauvinism to conceal its complicity with the corporations. In an op-ed piece in the *New York Times* earlier this week, UAW President Dennis Williams denounced the North American Free Trade Agreement (NAFTA) and other trade deals for allowing corporations to “outsource hundreds of thousands of jobs” and reducing American wages. Wages were low in Mexico, he said, because unlike the US, Williams claimed, “Company unions there are more aligned with employers than with workers.”

There are few, if any, organizations on this planet that are more “aligned with the employers” than the UAW. For nearly four decades it has been based on a corporatist perspective, which claims that workers have no interests that are apart from and independent from the auto bosses. In the name of making the US-based corporations “more competitive” and profitable, it has all but banned strikes, abandoned any representation of workers on the shop floor and functioned as industrial police force, imposing labor discipline, speed up and brutal exploitation in the factories.

The anti-Mexico rhetoric of the UAW, moreover, is entirely cynical. Writing in the in-house newspaper of the auto industry, *Detroit News* columnist Daniel Howes referred to the “faux outrage” of the UAW, acknowledging that one of the “dirty little secrets” of last year’s contract was that “Ford effectively won union acquiescence to move small car production to Mexico.” Meanwhile, the chief strategy of the UAW is to persuade the company to move assembly of larger vehicles back to the US by offering to cut the cost of production: in other words, cutting the wages and benefits of American workers.

The fight to defend secure and good-paying jobs requires a global strategy to unify workers around the world. This means rejecting the economic nationalism and corporatist labor-management “partnership” policies of the UAW, and building a powerful political movement fighting for socialism, including the nationalization of the banks and basic industries, under the democratic control and collective ownership of the working class.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact