

## State will take brunt of Chrysler's salary-job cuts

Posted by [ncrawley](#) October 24, 2008 16:04PM

DETROIT - Michigan will take the brunt of a major Chrysler LLC downsizing that will eliminate about 5,000 salaried jobs from the automaker, which is said to be in merger talks with General Motors Corp.

Chrysler said today it will cut 25 percent of its 17,300 white-collar workers through buyouts and retirement, plus shed an unspecified number of contract workers by the end of the year.

The automaker has about 14,000 salaried workers in Michigan, including some 10,000 at its Auburn Hills headquarters and technical center.

Michigan already has the nation's second-highest unemployment rate in the nation, behind Rhode Island, at 8.7 percent.

"These are truly unimaginable times for our industry," Chrysler Chief Executive Officer Robert Nardelli said in a written statement. "We continue to be in the most difficult economic period most of us can remember."

Chrysler sales are down 25 percent so far this year, more than any other full-line automaker selling cars in the United States.

And there is likely to be more pain ahead. Nardelli said Chrysler will announce additional restructuring moves "in the near future as the company works to find new ways to operate."

Analysts say it appears Chrysler is cutting payroll and taking other measures to prepare to be sold to another automaker.

"They're trimming (salaried workers) ahead of time, maybe to sweeten the deal," said Sean McAlinden, chief economist at the Center for Automotive Research in Ann Arbor.

Chrysler has been widely reported to be in merger talks with GM that may be nearing a conclusion, although neither company has confirmed the discussions.

The Renault-Nissan alliance also is said to be interested in adding Chrysler to its business partnership.

If GM were to acquire Chrysler, it would likely slash about 40,000 jobs, according to an analysis by the Anderson Economic Group in East Lansing.

Gov. Jennifer Granholm and key members of her cabinet are working on a plan to respond to massive job cuts in the event of a merger involving Chrysler, spokeswoman Liz Boyd said.

The plan would include job training programs, information for laid-off workers about avoiding home forecloses and efforts to attract new investment in communities hit by possible Chrysler job losses.

"We are working on a plan," Boyd said. "The governor is concerned about some very bad news."

Analysts say GM, which is burning through about \$1 billion a month, could run out of cash by the end of next year.

Chrysler, which is privately owned by Cerberus Capital Management, said Thursday it posted a net loss of \$662 million in the second quarter of this year.

Analysts have said that Cerberus, which acquired Chrysler last year for \$7.4 billion, now wants to dump the automaker.

It has been widely speculated that GM is interested in Chrysler's \$11.7 billion in cash, as well as its Jeep brand, its minivans and full-size pickups.

Chrysler's passenger car line-up, which overlaps with GM's offerings, could be eliminated in a merger, McAlinden said.

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## Comments

### wereintroubl says...

"Gov. Jennifer Granholm and key members of her cabinet are working on a plan to respond to massive job cuts in the event of a merger involving Chrysler. The plan would include job training programs, information for laid-off workers about avoiding home forecloses and efforts to attract new investment in communities hit by possible Chrysler job losses."

Dear Governor Granholm:

Great- another wonderful plan by our worthless governor. What part of the world are you devising this plan from? Hawaii where Barak Obama is or wherever he is today? Why don't you get off your butt and try to stop this takeover or offer incentives to keep the companies intact.

What are we going to retrain people for- stocking shelves at Wal-Mart or flipping burgers at McDonalds? I see the worthless job training programs you implemented worked very well for the 400,000 that were laid off- I am sure that another couple of hundred thousand could be easily accomdated with great success.

What about the foreclosre info? How to keep up a \$800 a month house payment on welfare?

Where is all this new investment coming from? A nice new shopping center chock full of minimum wage jobs? The same Volkswagen, Comerica, and Phizer investment that you lost?

Listen governor- most of the state thinks you are worthless, a charleton, and a political groupie. You and this state are the laughingstock of everyone in the country. Just keep your big piehole shut and keep your worthless comments to yourself. Actions speak louder than words, and you have done JACK in your six years of governor.

Posted on 10/24/08 at 6:48PM

### billwinkle says...

"I've already got a plan - we're going to make windmills! Wheeeeeee!"

Posted on 10/25/08 at 7:10AM

**elphinknight says...**

@Wereintroubl

Nice attack. What would you suggest be done?

Anyone with half-a-brain could see the US auto industry by the early 1990s. Since it takes many years to get new industries going in a state, that is when something should have been done.

But, since time machines aren't an option, what do you suggest we do? What industries should we attract? How? What do we re-train workers to do?

Posted on 10/25/08 at 8:15AM

**elphinknight says...**

@Wereintroubl

Nice attack. What do you suggest we do?

The problem is that it takes many years to get new industries into a state. Anyone with half-a-brain saw the coming decline of the auto industry in the early 1990s, and that is when something should have been done. Instead, in the 1990s, we were too busy slashing the government up to pay attention to what really needed to be done.

So what should be done? What industries would you attract to Michigan? How would you get them there? How long would it take? How would you re-train workers?

Posted on 10/25/08 at 8:20AM

**jacobmaxdad says...**

wereintroubl:

Wow. I didn't know you had a crystal ball - if so, you should have used it and told the big three CEOs of your prescient knowledge of their poor product planning and choices, with regards to more trucks, and ignoring fuel-efficient cars.

Oh, you don't. Then it would seem you are the one who should clamp up your maw, learn better manners, or better yet, move somewhere else.

Also, in case you do not remember, it was Engler, your buddy, and his lock-step legislature, which destroyed the tax base in this state with their tax policies, which to this day, we are still suffering from. I invite Wereintroubl to join Engler, who loves Michigan so much he doesn't even live here anymore.

Posted on 10/25/08 at 8:56AM

**wereintroubl says...**

elphinknight:

Answer to your questions:

- 1) Autos- like Tennessee, Indiana, Ontario (the latter two are non right-to-work areas),
- 2) I would get them here- 100 percent tax abatements for employers that create over 1,000 jobs in manufactuirng (the spinoff jobs would make up for the lost revenue), a revamped high-school cirriculum that is employer centered, not politically mandated.
- 3) I would get them here ASAP- "Whatever it Takes"
- 4) See the latter part of question 2. Also, I would prevent these bloodbaths from happeing. I would meet with the execs of Michigan's top ten employes every month to create a partnership- not pander to Barak Obama/be a political groupie,.

Posted on 10/25/08 at 10:58AM

**wereintroubl says...**

jacobmaxdad:

You don't know my politics- so you should clamp up your maw, learn better manners. I would tell you to move, but it appears that you are right at home with Granholm YOUR hero.

Incidentally, I would move in a heartbeat, but I can't get anything for my house. You see, under Granholm the state has the highest unemployment rate in the nation; not too many people buy homes when they are out of work.

Finally, you do not know my politics- your crystal ball is broken. I can say this for John Engler: Michigan had the lowest unemployment rate in the nation for much of his term- not the highest. New plants were being built, not closed, there was a partnership with business. Granholm= lost jobs and highest unemployment rate in nation.

Posted on 10/25/08 at 11:03AM

**joncmac says...**

Just what we don't need now. We got to figure out a solution to this entire economy, and auto industry will turn around as well. But we must remain optimistic. Things always turn around. Right now all the news is saying the end of the world, and it is becoming a self-fulfilling prophecy. For those who are impacted by all this, I found this site which gave some ways and programs that help save on heating, utility bills, mortgages, taxes, etc. Help is provided from the gov't, companies, others.

<http://www.needhelppayingbills.com>

Posted on 10/25/08 at 11:28AM

**Challenger04 says...**

People are out of work all over this country. This is not a local problem. Saying that people can get help from the government won't solve it. I have heard that we are spending 10 billion a month on the Iraq war. Who's getting it? Where is all this government help for the unemployed going to come from? How

is becoming a government charity case going to help this situation? It's time for change. Go vote. And when you do, think about all those paychecks to the government officials. Those officials are not shopping at WalMart.

Posted on 10/25/08 at 11:41AM

**elphinknight says...**

@Wereintroubl

1) TN and other southern states are attracting manufacturing because they can pay half of what they will end up paying in Michigan. The reality is, Michigan has a history of unionization and the foreign automakers don't want to risk it. In the south, the poor have been so poor and so desperate for so long that they'll do anything for any pay rate. Michigan has attracted engineering and test facilities for Toyota. A big new facility just opened outside Ann Arbor. They need the critical mass of automotive engineering that can only be found in Michigan. But anyone can be a line-worker with a little training, and those jobs will go where they can be had the cheapest.

2) The education system in Michigan needs work (which requires taxes, something no one wants to pay). Having said that, the \*lack\* of education in the south is part of what attracts manufacturers. Uneducated people don't expect to make very much. 100% tax abatements are a nice theory, and you're assuming ideas like that haven't been on the table.

3) You'll "get them here ASAP - whatever it takes"? You think people haven't already tried the "whatever it takes" angle? Seriously. That isn't a plan, that's wishful thinking.

4) "Partnerships" are a nice political phrase, but pandering to corporate lobbyists isn't something that will help Michigan in the long run. Now, making an effort to find out what companies need and trying to provide it, that's fine. As long as the tax base is there to do it. But again, you assume Michigan's government isn't doing this which is a ridiculous assumption.

What Michigan is facing is the reality of "free market" capitalism. Manufacturing will simply go where it's cheapest. The suggestion that Michigan should be trying to drag auto manufacturers here doesn't acknowledge these realities. That would be a waste of energy and time. It is also a waste of time to blame Granholm for the realities of "free market" capitalism. Getting green energy engineering and production in Michigan is a great idea; it's a growing industry with high potential and sufficient margins to pay workers reasonably well. And it leverages Michigan's existing knowledge base. But it takes time to attract business and build critical mass. Times in Michigan are painful, but they're the result of the realities of Free Market capitalism, and they're the result of shortsightedness 15 years ago. Big economies like that of a State don't turn like a car, they turn like a huge shipping barge. All that can be done now is wait while the Michigan economy makes that turn.

Posted on 10/26/08 at 6:19AM

**gianthogweed says...**

I often wonder what the "BIG 3" executives will be getting for bonuses this Christmas season.

The number one problem with this country right now and in the past is greed. It's a plain and simple fact and you may say to your selves that this is the beauty of capitalism, providing jobs for the simple working class to make products to sell for high profit, only to lay these same people off when the stakes

are down and say "gosh we made a big mistake, too bad about you losing your home". On that note, I don't think Granholm has any control over just how greedy, people tend to get.

Challenger04 is right, things are tough all over the U.S. What is really interesting and I haven't heard any opinions on this matter yet, is that Governor Schwarzenegger has asked the feds for 7 billion dollars to help bail out California. Yes the same California where the streets are paved with gold, where every one seems to eventually migrate to for a piece of the pie. We could be helping out our fellow states with billions of dollars if not for this money being directed towards that joke called the Iraq war and the "Military Industrial Complex".

Lastly, why did Engler move out of state?

Posted on 10/26/08 at 11:14AM

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