

Chrysler, UAW Talks Break Down

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DETROIT (AP) — Negotiations over a new four-year contract between Chrysler and the United Auto Workers have broken down as both sides refuse to budge on key financial issues, two people briefed on the bargaining said Thursday.

The talks ended late Wednesday in a dispute over the number of workers who are paid an entry-level wage, said the people, who asked not to be identified because the negotiations are private.

Chrysler Group LLC, which is losing money, wants no limit on cheaper entry-level workers. The union wants a cap on the number of those workers, who make \$14 to \$16 an hour, about half of what a longtime union employee earns.

"There was a line drawn in the sand," one of the people said. "Somebody's going to have to give."

Chrysler factories continue to operate under a contract extension.

Detroit's three carmakers are each negotiating labor agreements with the UAW, which represents 113,000 workers at the companies. The new contracts would be the first since two of the automakers — GM and Chrysler — nearly collapsed during the recession and needed government bailouts in 2009. Ford Motor Co. didn't need a bailout but took billions in private loans to survive.

GM and the union agreed to a tentative contract last week. Chrysler was expected to be the second Detroit automaker to reach a deal.

Instead, Chrysler and UAW negotiating teams were sent home after the talks resulted in a stalemate. The union said it will now focus on talks with Ford. No more bargaining with Chrysler is scheduled.

The company is against any limit on entry-level workers because it would raise labor costs. About 12 percent of Chrysler's 23,000 factory workers now are paid the lower wage and the carmaker plans to hire thousands more over the next four years as it retools factories to make new models.

The union, on the other hand, wants a deal similar to what GM agreed to — a 25 percent cap on the number making entry-level pay by the end of 2015, the people said. Then, entry-level workers would have a chance to make higher pay, a key issue for the union. Longtime workers earn about \$29 an hour.

Chrysler has more entry-level workers than GM or Ford, and as a result, its hourly labor costs are the lowest of the Detroit companies.

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The union agreed to a lower tier of wages in 2007 to help Detroit's carmakers survive financial troubles, and to avoid pay cuts for veteran workers.

Besides setting wages at General Motors Co., Ford and Chrysler, the contracts influence pay at U.S. factories run by foreign carmakers, auto parts makers and other manufacturers.

Before talks broke up, Chrysler and union negotiators extended their current contract. That extension lasts another month.

Negotiators at Chrysler have settled all non-economic issues and were nearing an agreement before the stalemate, the people said. UAW President Bob King was involved in the talks when they broke down, one of the people said.

UAW spokeswoman Michele Martin would not comment.

Talks with Chrysler already were strained before the breakdown. Last week, CEO Sergio Marchionne sent a letter to King accusing him of failing to show up to complete negotiations as scheduled. King wouldn't discuss the letter.

At GM, meanwhile, workers are voting on a tentative deal that gives most of them profit sharing rather than annual pay raises.

The GM deal will be used as a template for the other two companies, but as the breakdown at Chrysler shows, fights will arise over issues unique to each company. GM's deal promises new jobs and car production in the U.S, a top union concern. It also offers buyouts to longtime workers who can be replaced with those making entry-level wages.

GM workers would get a \$5,000 signing bonus and profit-sharing checks that will likely exceed the \$4,300 workers got this year. Longtime workers won't get a pay raise, but entry-level workers will.

Ford and GM plants continue to run under an extension of the old contract.

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