

# Ford to cut up to 5,000 white-collar jobs in North America

## Layoffs hit US manufacturing, airline, e-commerce and financial sectors

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In another sign of the deepening economic slump in the US, Ford Motor Company announced on Friday plans to eliminate between 4,000 and 5,000 white-collar jobs in North America by the end of the year. The Ford layoffs, coupled with a series of other job-cutting announcements this week, bring the total number of jobs destroyed by US corporations in 2001 to over one million.

The cuts by the number two automaker amount to about 10 percent of Ford's salaried workforce in North America. A Ford official commented, "We've become much more efficient and the jobs are not needed anymore." Ford said most of the jobs cuts will be made by offering early-retirement plans to salaried workers, and company spokesmen said they expect the cuts to be completed by the end of the year.

The *World Socialist Web Site* spoke to workers at Ford's world headquarters in Dearborn, Michigan. One white-collar employee said no one knew anything about the job cuts until they heard about the announcement on the radio, and that no one yet knows how the layoffs will affect his or her departments. She said many people had been expecting layoffs because of Ford's profit problems and the downturn in the economy.

Workers said that when they turned on their computers and read their email in the morning they received a message from Ford CEO Jacques Nasser saying the company was implementing a "voluntary separation" program. One worker scoffed at the idea that the layoffs were voluntary. He said inside the building there was a mix of anger among employees and also a feeling that this was coming because the company wasn't making enough profit. "It's the ordinary people who are being hurt," he said.

In addition to the salaried jobs cuts, Ford management is reportedly reviewing the possible delay of some planned vehicle models, which would lower design and engineering costs. Also under consideration is the shutdown of assembly plant facilities. Under the contract covering assembly workers, any plant shutdown would require the approval of the United Auto Workers union.

The UAW has yet to comment on the latest layoffs at Ford, but has proven reliable in the past in facilitating layoffs and backing other cost-cutting measures. DaimlerChrysler announced last January that it would slash 26,000 jobs over three years from its

North American operations, including the indefinite "temporary idling" of six North American plants, with no protest from the union leadership.

The US auto market has slumped steadily this summer, with sales falling 5 percent overall in July. Ford's performance has been the worst, with sales sliding 12.7 percent last month. In the second quarter ending June 30, Ford lost \$752 million, largely due to the costs involved in replacing 13 million Firestone tires, as well as restructuring charges at Mazda Motor Corp., one-third owned by Ford. Sales of the Ford Explorer sport utility vehicle have yet to recover from the recall of Firestone tires a year ago.

An auto industry analyst said after nearly a decade of record sales and profits for the US Big Three automakers, during which time two-thirds of the vehicles on the road have been replaced, the car market was reaching its saturation level. The Ford layoffs, he said, did not mark an end to the period of falling profits and downsizing in the industry, but just the beginning.

The US manufacturing sector as a whole has been particularly hard hit by the yearlong economic slowdown. A report from the Federal Reserve Bank of Philadelphia showed industrial activity in the mid-Atlantic region contracting sharply in August for the ninth straight month. The report showed a steep fall in new orders, and a sharp fall-off in the index of business conditions in Delaware, eastern Pennsylvania and southern New Jersey. The report from the Philadelphia Fed, one of the nation's 12 regional Fed banks, is one of the first major monthly reports on US manufacturing trends, and indicates that the recession is deepening.

The cutbacks at Ford are part of a worldwide contraction in the auto industry. German car maker Adam Opel AG announced this week that it plans to slash its European production capacity by 15 percent and eliminate thousands of jobs. The plan will cost parent company General Motors Corp. more than \$900 million. Opel Chairman Carl-Peter Forster commented, "We are in a downward spiral that needs to be broken. Only profitable companies are successful companies."

Sizeable layoffs were announced elsewhere in the manufacturing sector this week. **Wabash National Corp.**, one of the largest truck trailer makers in the US, said Thursday it will close assembly plants in Iowa and Tennessee and a distribution center in

California and lay off 900 employees, or 18 percent of its workforce. The Lafayette, Indiana-based company builds truck trailers under the Wabash and Fruehauf names.

**Boeing Co.**, the world's largest aircraft manufacturer, announced Thursday that it would cut 600 workers at its Long Beach, California plant, citing slow sales of its smallest model, the 106-seat 717 jetliner. Boeing eliminated another 600 jobs at the Long Beach facility earlier this year.

On Tuesday, **U.S. Steel** announced that it plans to phase out cold rolling and tin mill operations at its steelworks in Fairless Hills, Pennsylvania by the end of the year. About 600 workers represented by the United Steelworkers union will lose their jobs. Only about 100 workers in the hot dip galvanizing line will remain at the Fairless Works, where employment peaked at more than 8,000 in 1974.

**Tyco International Ltd.**, a diversified manufacturing and service company—producer of electronic components, undersea cable communications system, medical supplies and many other products—announced this week that it has nearly completed plans to cut 11,300 jobs and close or consolidate nearly 300 facilities worldwide. The Exeter, New Hampshire-based company will cut about 8,400 jobs and close about 225 facilities around the world in the conglomerate's health care, financing and power segments. Another 2,900 will be slashed from Tyco's electronics division. The cuts represent about 5 percent of the company's 220,000 workforce in more than 100 countries.

Earlier this week, **Midway Airlines** filed for bankruptcy, and said it will cut the jobs of 700 employees, or about half of its workforce. The regional airline, which is the largest provider of air service in Raleigh-Durham, North Carolina, cited "the calamitous drop in business travel experienced by airlines generally this year and by Midway Airlines in particular." The airline will eliminate flights to 9 cities and cut back service to 18 others.

Houston-based freight-forwarder **Eagle Global Logistics** cut 400 jobs in the second quarter, for a total of 700 positions eliminated so far this year, or 13 percent of its workforce. EGL lost \$23.2 million in the quarter ending June 30. A statement from Chairman James R. Crane read: "High-tech, telecommunications and automotive companies comprise more than half of our business, and these industries are among the hardest hit by the current economic slowdown."

Layoffs and losses continued to pound dot-coms and e-tailers this week. **Egghead.com** announced Wednesday that it is filing for bankruptcy protection and selling its assets to retail chain Fry's Electronics. The company will lay off two-thirds of its staff and will sell off the assets that Fry's does not acquire. The pioneer e-tail company, which marketed computer software, has suffered a sharp decline in on-line sales over the recent period.

Internet retailer **Buy.com** said Tuesday it has shed 50 workers in response to sharply reduced sales for the second quarter of 2001. The workers were laid off at the company's Aliso Viejo, California headquarters and are in addition to 125 workers laid off in February as part of a restructuring plan.

Computer game-maker **Sierra On-Line** cut 245 jobs this week, in what company spokesmen called an effort to reduce "redundancies." The company, a subsidiary of French media

conglomerate Vivendi Universal, is eliminating positions in marketing, legal services and other administrative areas.

**Corning, Inc.** will cut about 900 jobs in its optical-fiber cable division. Some 450 jobs will be cut immediately at Corning Cable Systems plants in North Carolina, Texas and Missouri as well as in Mexico, Puerto Rico and the Dominican Republic. The new layoffs are in addition to the 5,900 jobs cut earlier this year by the Corning, New York-based company, which is the world's largest manufacturer of optical-fiber cable and optical fiber used in communications networks.

**Motorola Inc.** said Wednesday it will close two semiconductor plants in Mesa, Arizona over the next two and a half years. The phase-out of the two plants in its chip unit will cost about 1,200 workers their jobs. Schaumburg, Illinois-based Motorola has closed five chip plants in the last four years, and is already in the process of phasing out another two facilities.

In a sign that the economic downturn is being increasingly felt by large financial firms, **Citigroup Inc.**, the nation's largest financial services company, announced Monday that it plans to cut 3,500 jobs. The layoffs bring to 4,700 the number of positions the company has eliminated this year, amounting to 2 percent of its workforce.

It was revealed Tuesday that the merger between **U.S. Bancorp** and **Firststar** will result in 2,770 job reductions in back office and redundant positions in 24 states. When the banks merged in February, company spokesmen had projected 1,750 jobs would be eliminated.

**Accenture Ltd.**, the world's largest consulting firm, said on Friday it will shed 1,500 workers, or 2 percent of its workforce, in addition to the 1,400 layoffs it announced in June. In the downturn, big corporations are not relying as heavily on consulting firms, and start-up high-tech companies no longer have the cash to hire expert management advice. Accenture also said that fewer staffers are voluntarily leaving their jobs.

In the retail sector, Rocky Hill, Connecticut-based **Ames Department Stores** said on Thursday it will close 47 stores and lay off about 2,000 workers, or 6 percent of its workforce. These layoffs are in addition to plans announced last November by Ames to close 32 stores and eliminate 2,000 jobs.



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