# Ford to cut 35,000 jobs worldwide, 22,000 in North America

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**12 January 2002**

On Friday morning, January 11, top executives of Ford Motor Company announced a dramatic restructuring plan that calls for the destruction of 35,000 jobs worldwide and 22,000 jobs in North America. These decisions will mean the near-certain impoverishment of thousands of families and the devastation of numerous towns across North America.

Since the beginning of 2001, American companies have eliminated more than 1 million jobs. Analysts are already drawing parallels between the current round of auto layoffs and the massive bloodletting of the 1980s, which eliminated over a quarter of a million jobs in the Big Three alone.

William Clay Ford Jr., the newly installed chief executive officer, made the opening remarks at Friday's meeting announcing the plan in Dearborn, Michigan. Ford stated the company would seek to reverse its losses, now expected to reach nearly $2 billion for 2001. The company suffered a drop in sales caused by the recession, and profit hemorrhaging due to the attempt to recover market share by offering zero percent financing on car loans. This was compounded by the debacle surrounding 200 fatalities in its Ford Explorer sport utility model and the subsequent recall of 13 million Firestone tires.

Describing the plan as a "revitalization," Ford's focus was to convince Wall Street that the company was prepared to carry out the measures needed to boost its bottom line. In recent days, the number of layoffs was increased from a projected 20,000 to 35,000.

General Motors has also announced the elimination of 5,000 white-collar jobs among its US staff through early retirement buyout packages. GM Vice President Bob Lutz presented the decision to make the cuts at the North America International Auto Show in Detroit, stating the job cuts are part of its "slimming down of GM." Since the beginning of 2000, GM has carried out a series of job eliminations resulting in the destruction of over 10,000 jobs. In September, General Motors announced that it would close the Ste. Therese, Canada plant this year, eliminating 1,400 jobs. The Canadian plant produces the Chevrolet Camaro and Pontiac Firebird.

The Ford board of directors met for two days this week, Wednesday and Thursday, to decide on its course of action. News reports indicate that Ford executives were in contact with the United Auto Workers and fully informed the union of the impending cuts.

The plans announced by the board are the following:

* The elimination of 15,000 blue collar jobs in the US, out of the current workforce of 115,000, or about 13 percent. Another 5,000 white-collar staff will be cut, out of 45,000, about 11 percent. The plan will also terminate 1,500 contract positions.

* Five plants are to be closed are by the middle of the decade, including factories in Edison, New Jersey, (1,420 workers), Oakville, Ontario (1,303 workers), the Cleveland Aluminum Casting facility in Brook Park, Ohio (100 workers), the St. Louis Hazelwood Assembly plant (2,377 workers) and the Vulcan Forge plant in Dearborn, Michigan (80 workers).

* Production capacity will be cut by nearly 1 million units a year, from 5.7 million to 4.8 million.

* Additionally, no new products have been chosen for two assembly plants, indicating they are slated to be in the next round of cuts if needed, one in Avon Lake, Ohio, near Cleveland, and the other in Cuautitlan, Mexico. A total of 5,500 workers could lose their jobs.

* The forging plant in Woodhaven, Michigan will be sold.

* By the end of this year Ford will eliminate four vehicles from its line, three of them from the Lincoln-Mercury division. Included are the Ford Escort, Mercury Cougar, Mercury Villager and the Lincoln Continental.

* Ford will eliminate shifts at 11 assembly plants and slow the line speed at nine others.

* The company is selling non-core assets to raise $1 billion in 2002. Previous reports by Ford spokesmen called for the outsourcing or sale of the Powertrain operations, the division that makes gearboxes and engines; the elimination of the company's US auto parts recycling centers; and the sale of its Kwik Fit repair chain in the United Kingdom.

* Internationally, an additional 13,500 jobs will be cut.

* Ford is seeking deeper price cuts from its auto parts suppliers, which will spread the economic slump throughout the industry. Last year DaimlerChrysler began the practice of forcing suppliers to accept 5 percent across-the-board reductions in pricing. Ford and GM followed suit. Any price structure change is bound to have a ripple effect, forcing more suppliers to lay off employees to meet demand.

So far the United Auto Workers union has maintained a cynical silence on the job cuts, stating on its web site that its members are benefiting from the contract calling for no plant closures during the life of the agreement. The present contract with the UAW is scheduled to expire in 2003.

While Ford executives have continuously stressed the company would abide by the contract, it is well known that the "no plant closure" agreement is a sham, concocted primarily for the consumption of the UAW rank and file. As long as Ford does not officially declare the plant closed, it can reduce the workforce at will, even to the point of laying off every single UAW member at a given facility.

On its web site, UAW President Stephen Yokich addresses the issue of Ford's proposed job cuts and makes it clear to management it is prepared to cooperate on all levels—including plant closings—as was shown last year when DaimlerChrysler cut 26,000 jobs. Yokich states: "The UAW's history of using constructive relationships with employers to get through tough times has been proven many times over."

On the other side of the border, the Canadian Auto Workers President Buzz Hargrove issued a stridently nationalist statement to the media, saying he was prepared threaten a strike against Ford if it went ahead with its plans to close the Oakville, Ontario plant. Hargrove denounced the US-based company for sacrificing "Canadian jobs."

It is significant that before the final announcement was made, Wall Street was putting pressure on Ford to make deeper cuts. On Thursday, January 10, UBS Warburg, a major Wall Street firm, downgraded Ford's stock from "hold" to "reduce," sparking a sell-off, because it did not believe Ford was making the cuts necessary to achieve the profits it had in an earlier period.

"Over the next few years," stated UBS analyst Saul Rubin, "it may well look like the GM of past decades, a company constantly readjusting cost structure to a declining market position." Rubin and other analysts called for Ford to carry out cuts of 25,000 or more jobs to bring the company in line with the needs of the market.

During the question and answer section of Friday's meeting, it quickly became clear that the majority of those in attendance were representatives of various Wall Street firms, not the media. In fact, the majority of the questions raised from the floor came from companies such as Merrill Lynch, Paine Webber and Prudential Securities, whom Ford was out to convince the restructuring plan would work. Questioned by reporters after the session about their opinion of the presentation, most declined to answer, stating they would take the proposals back to their offices and carefully review their contents.

Auto production is still the largest single US industry, and the dominant manufacturing employer in the large Midwestern states of Ohio, Michigan and Illinois, accounting for more than 20 percent of the job market.

Ford is hoping to use the cuts made in Europe as a model for reversing its losses in North America. When Ford's European operations lost $68 million in 2000, the company closed five of its eleven facilities, laid off 2,750 workers and removed 5,700 others by spinning off several of its operations. The reversal was so swift that for the first nine months of 2001 Ford of Europe had profits of $205 million.

Nick Scheele, who headed Ford of Europe during this drastic cost-cutting, has now been brought to the US and made chief operating officer, the day-to-day head of the company, to carry out similar measures in North America.