Ford to close five North American plants, cut 7,500 jobs

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Ford Motor Company plans to close at least five plants and eliminate 7,500 jobs, or 6 percent of its total North American work force, according to a report in the *Wall Street Journal* Friday. The job-slashing by Ford follows last month's announcement by General Motors that it would eliminate 30,000 jobs and shutter 12 facilities in the US and Canada before the end of 2008.

The job-cutting in North America is part of a massive retrenchment of Ford's global auto operations. The number two US automaker also plans to cut 1,470 jobs at its Volvo division, primarily at plants in Sweden and Belgium, and could sell the historic Browns Lane Jaguar plant near Coventry in central England.

Ford's cuts are part of a worldwide attack on jobs in the auto industry, which is plagued by over-capacity. Volkswagen is said to be planning the elimination of 14,000 jobs, including 10,000 in Germany. On Thursday, 10,000 workers marched in Barcelona, Spain to oppose plans by Volkswagen subsidiary SEAT to cut nearly 1,500 jobs.

Ford's plan, called the "Way Forward," is not due to be released officially until January and may still be revised. The leak to the press was likely aimed at gauging the response of Wall Street investors, who have been punishing the company's stock—which is down to around $8 a share—and demanding a major restructuring of Ford.

The company's worldwide operations have lost $1.69 billion in the first nine months of this year. Like GM, Ford has been hard hit by rising fuel and other commodity prices, declining sales of large SUVs, and loss of market share in the US to Japanese and European competitors.

The company plans to close plants in St. Louis, Atlanta and St. Paul, Minnesota in the US, as well as an engine parts plant in Windsor, Ontario and a truck-assembly plant in Cuautitlan, Mexico, according to unnamed sources familiar with the automaker's plans.

In addition to producing low-selling SUV and pick-up truck models, many of the targeted plants have been undermined by years of layoffs and investment cutbacks. In many cases, workers at these plants had various concessionary and speed-up agreements imposed on them by Ford and the United Auto Workers union (UAW), based on promises that new product lines and investment would be lured away from other UAW-organized plants.

About 1,400 workers are employed at the suburban St. Louis plant in Hazelwood, Missouri; 2,000 at the Twin Cities assembly plant in St. Paul; and 2,100 at Ford's Hapeville, Georgia plant. The closing of the latter plant would be further blow to the Atlanta area, following GM's decision last month to shut the nearby Doraville assembly plant, which employs 3,000 workers. The Essex engine plant near Windsor, Ontario, employs 500 workers and the pick-up truck plant in the Mexico City suburb of Cuautitlan employs nearly 1,000 workers.

For the time being, workers at the under-used Wixom, Michigan assembly plant have apparently been spared, as Ford decided to shut its Atlanta plant instead.

Ford currently employs about 49,000 workers in 19 assembly, 8 stamping, 10 power train and 5 casting plants in North America. Combined with the white-collar jobs axed in November—and another 4,000 salaried job cuts already announced—Ford's labor force cutbacks are now at 15,500 and counting. The current restructuring plan comes less than four years after Ford launched an earlier cost-cutting effort to eliminate 20,000 North American jobs and shut several plants.

The plant closings are expected to be just one part of a major shake-up of Ford, which announced it was reducing production after its US sales fell by 15 percent in November, the worst of any automaker. The company saw a 52 percent decline in sales of its highly profitable Ford Explorer SUV, despite an extensive redesign of the vehicle. Ford once sold as many as 400,000 Explorers a year, according to the *Wall Street Journal*, and ran two Explorer plants on overtime. This year, it will do well to sell more than 240,000—a single plant's worth.

In a voicemail sent to employees earlier this week, Ford CEO William Clay Ford Jr. demanded even greater output under the threat of deeper attacks. "Anyone who thinks or attempts to convince you that it's business as usual at Ford is wrong and would best serve us all by pursuing their interests elsewhere. Our heritage of innovation must be reclaimed and renewed or the greatness of our company will become part of our past. It's that simple."

The United Auto Workers did not respond to the *Wall Street Journal* story. Since the mid-1970s, the UAW has collaborated with the Big Three automakers in the destruction of hundreds of thousands of auto jobs to boost profits and help US automakers better compete with their international rivals. After agreeing to an unprecedented cut in health care benefits for GM workers, the UAW is currently negotiating similar agreements with Ford and Chrysler.

With the job cuts by Ford, GM and the earlier announcement that bankrupt auto parts maker Delphi would eliminate 24,000 positions, the US auto industry is on track to meet, or possibly surpass, the 2001 record of 133,686 job cuts in one year, said Challenger, Gray & Christmas Inc., an employment consulting firm.

The massive destruction of workers' jobs and living standards—which numbers alone do little to convey—belies the glowing reports from the Bush administration and the media that the US economy is rolling ahead. On Friday, the US Labor Department reported that unemployment held steady at 5 percent in November and that the economy had recovered from the dislocations of Hurricane Katrina. "Our economy continues to gain strength and momentum," President Bush claimed at a White House appearance.

While there has been an up-tick in hiring in certain areas of the economy—retail, post-hurricane construction and manufacturing—overall working hours, as well as income, continues to fall or stagnate. In the Midwestern industrial states of Michigan and Illinois, for example, since 1999 median family income has fallen by 19 percent ($9,914) and 12 percent ($6,000) respectively.

According to the Economic Policy Institute, the current economic "recovery" that began in November 2001 has been the worst, from the standpoint of jobs, on record. "Over these years, the nation's payrolls have increased by 2.6%, well below the rate of the other recoveries that have lasted this long, including the 1990s recovery, which also began as 'jobless.'"