Ford to cut 30,000 jobs in North America

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Ford Motor Company announced plans on Monday to eliminate between 25,000 and 30,000 jobs by 2012. This amounts to more than 20 percent of the company's North American workforce, and nearly 30 percent of its manufacturing jobs, where the bulk of the reductions will take place. The Ford plan is only the latest stage in a major assault by US automakers on the jobs, wages and benefits of their workers, an assault that is having devastating consequences throughout the US, Canada and other countries.

The plan, dubbed the "Way Forward," was outlined in a meeting at the company's headquarters in Dearborn, Michigan. Citing increased competition and a "crowded and fragmented" global auto market, CEO and Chairman Bill Ford announced that the company "will be making painful sacrifices to protect Ford's heritage and secure our future." He pledged that in the future Ford, "will be able to deliver more innovative products, better returns for our shareholders and stability in the communities where we operate."

Return for shareholders and a shift toward profitability in its North American division are the basic aims of the restructuring. Ford has been under pressure from Wall Street to make major cuts in costs over the past year, and has seen its bond rating reduced to junk status. The job cuts were widely expected, particularly after Ford's larger US rival, General Motors, announced plans to cut tens of thousands of jobs late last year. The cuts Ford announced Monday went much further than an outline of the plan that it leaked to the press in December and reflected the company's determination not to undershoot Wall Street demands.

Ford's stock price was up $0.42 on Monday, or more than 5 percent—a consequence of larger-than-expected profit figures for the fourth quarter, as well as a generally favorable reaction on Wall Street to the new job-cutting plan. David Cole, chairman of the Center for Automotive Research, told Dow Jones's *MarketWatch* news service that the restructuring was an "excellent start" for Ford.

Out of Ford's 43 assembly, stamping, Powertrain and casting plants, 14 will be shut down over the coming six years. By 2008, Ford executives announced, plants that will be closed include the Wixom Assembly Plant, near Detroit, Michigan, which employs 1,567 workers; the St. Louis Assembly Plant, which employs 1,445 workers; and the Atlanta Assembly Plant, which employs 1,745 workers. Two additional unnamed assembly plants will be closed by 2008 and two more by 2012.

In addition, Batavia Transmission, employing 1,745 workers outside of Cincinnati, Ohio, and Windsor Casting, employing 684 workers in Canada, will also be shuttered by 2008. The St. Thomas Assembly Plant in Ontario will lose one shift, or 1,200 jobs.

The plan, which will reduce Ford's North American production capacity by 26 percent, is part of a broader strategy to reduce labor costs. Last year, Ford began eliminating 4,000 salaried workers, and another 5,000 are set to be cut as part of the "Way Forward." This amounts to about 20 percent of the company's white-collar workforce.

In addition to jobs, Ford is targeting health care and pension benefits. Bill Ford said on Monday that "health care and legacy costs are enormous" and that "more progress is needed" in making cuts. With the collaboration of the United Auto Workers union (UAW), Ford has already pushed through health care concessions that are estimated to save the company $850 million annually and $5 billion in long-term liabilities. In his statements Monday, Bill Ford directed his appeal for assistance not only to the union, but also to the government, calling on business and government to work together to find a way of reducing corporate health care and pension costs.

Ford's announcement follows close on the heels of the GM cuts, which include plans for the elimination of 30,000 jobs in North America and the closure or scaling down of nine plants by 2008. The new cuts come only four years after Ford's last major retrenchment. In January 2002, the company announced plans to eliminate 35,000 jobs worldwide and 22,000 in North America. In 2001, the other major US auto company, DaimlerChrysler, initiated plans to eliminate 26,000 jobs.

The attack on automotive jobs is an international phenomenon, and workers in Europe have also been severely affected. Both GM and DaimlerChrysler have cut thousands of workers in their German divisions, and German automaker Volkswagen has followed suit. Globally, automakers have been struggling to deal with overcapacity and increased international competition, and have responded by cutting jobs and shifting operations to countries with cheaper sources of labor.

The cutbacks at the Big Three have cascaded throughout the auto industry and beyond. Ford's major parts supplier, Visteon, and GM's major supplier, Delphi, have both announced major job, wage and benefit cuts in the past year. In his speech on Monday, CEO Ford indicated that his company will continue to escalate pressure on parts and material suppliers to reduce costs. He said that it will seek to reduce overall material costs $6 billion by 2010.

Ford's suppliers will no doubt be forced to follow through with their own job cuts and cost reductions. It is estimated that a single job at an auto factory supports seven jobs in the wider economy, which will produce a devastating impact on those areas where plants are shut down. These are working class communities that have already suffered from the general stagnation and decline of

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wages over the past several years and the attack on social programs and benefits.

Michigan workers have been hit hard by the 25-year assault on auto jobs in what was once the center of US auto production. The closure of the Wixom plant, as well as the Windsor plant directly across the Canadian border from Detroit, will be yet one more setback. Tens of thousands of jobs are slated to be lost in Michigan and the surrounding states of the Midwest as part of the GM, Visteon and Delphi cuts of the past year.

The closure of the Atlanta Assembly plant adds to the GM cuts in that city, which include 3,000 workers at its plant in nearby Doraville. And the scale-back at Ford's St. Thomas Assembly Plant follows GM's decision to close one of its plants in Ontario and eliminate a shift in another, leading to a total loss of 3,500 jobs in addition to the 1,200 cut by Ford.

In making the new cuts, Ford is responding to the continued atrophy of its share of US auto sales, which have declined steadily over the past decade and are now at an all-time low of 17.4 percent. While Ford was able to post profits in 2005 of $2 billion, this was with a loss of $1.6 billion in North American production. The profits were due in large part to a $2.5 billion net income for Ford's financing arm.

The US auto industry as a whole is in a protracted state of decline, which began at least 25 years ago. Since 1979, the "Big Three"—GM, Ford and Chrysler—have shed an astonishing 600,000 jobs. The companies have become shadows of their former selves. At its peak, GM employed more than 600,000 workers. After its latest cuts, the workforce will only be about 120,000.

There is increasing talk of the possibility that GM may end up in bankruptcy, a tool that would be used to impose a new contract to eliminate job security guarantees and health care and pension benefits. If GM does declare bankruptcy, Ford would likely do the same. The auto giants may employ a similar tactic to what has been used by the major airlines, which have exploited the bankruptcy courts to escape from their so-called "legacy costs," including billions in pension obligations.

The decline of the US auto industry is part of a general decline of American manufacturing. As US companies have come under increasing competition from abroad, those sections of the workforce that had previously been able, through major struggles, to win certain concessions on job security, wages and benefits are now considered to be the chief obstacles to restoring profitability.

The working class has been left entirely defenseless as its past gains have been eliminated. Ford and the rest of the auto industry have relied on the collaboration of the UAW and the Canadian Auto Workers in pushing through the required cost cutting. The trade union bureaucracies in the US and in Canada have collaborated with management in imposing cuts, and have taken no steps to oppose the massive assault on auto jobs. Bill Ford said on Monday that Ford would seek to carry out the cuts "with the full collaboration of our union partners," with a justified confidence that this would be possible.

In response to the announcement of 30,000 job cuts, the UAW issued a statement announcing that the news is "extremely disappointing and devastating" for Ford workers. However, the union did not give any indications that it would seriously oppose the cuts in any way, let alone call a strike to prevent the measures.

The union bureaucracy has pursued a policy of increasingly close collaboration with management over the past quarter century. The unions have sought to channel the anger of US workers behind chauvinist attacks on foreign workers while attempting to keep them tied to the Democratic Party, which has helped oversee the deterioration of living standards. For her part, Democratic Michigan Governor Jennifer Granholm declared her support for Ford's new plan, calling the cuts "tough business decisions" that "will help the company regain its financial footing so it can continue to be an industry leader."

The feasibility of Ford's strategy of relying on the UAW was called into question, however, last November. Ford workers nearly voted down the measure imposing new health care and pension concessions, even though the concessions were supported by the union bureaucracy. If the combined efforts of the unions and management are not able to push through cost cuts, then more extreme measures may be used, including bankruptcy.

The inability of the unions to oppose the attack on auto jobs lies ultimately in their nationalist orientation and their defense of the capitalist system, in which all of the decisions on jobs and wages are ultimately decided by the profit interests of giant corporations.

The defense of the social conditions of workers in the US, Canada and internationally requires the mobilization of the international working class for the defense of their common class interests and on the basis of a socialist program, in which human needs are placed above private profit. This includes protecting the jobs, living standards and communities of workers and their families by taking the auto industry out of the hands of the billionaire investors and wealthy executives and transforming it into a publicly owned and democratically controlled enterprise.

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