More US job cuts coming at Ford

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Ford Motor company says it plans to offer buyouts and early retirement packages to most of its 54,000 US hourly workers in an effort to further drastically reduce employment and make room to hire thousands of lower-paid workers. The second largest American-based car company is following the lead of General Motors, which last week announced a similar buyout plan.

According to a January 24 report in the *Wall Street Journal,* Ford is looking to cut up to 11,000 hourly jobs and 2,000 salaried positions. The cuts are to come as quickly as possible, with most workers targeted to leave no later than April 1. Since the start of 2006 the company has eliminated some 44,000 jobs.

Ford announced the buyout the same day it reported a $2.7 billion loss for 2007. Losses of $3.5 billion in North America were offset somewhat by profits from Ford's European and South American operations. Most of the 2007 loss reflected non-cash accounting charges. Excluding these special items, Ford recorded a $126 million operating profit in 2007, despite a 12 percent decline in sales.

Through layoffs and aggressive cost cutting, implemented with the collaboration of the United Auto Workers union, the company reduced its losses sharply from 2006, when it suffered a record $12.6 billion deficit. In a preliminary fourth quarter financial report the auto company touted its agreement with the UAW and reported costs savings of $1.8 billion in 2007.

Like General Motors, Ford plans to replace a substantial portion of those who take the buyouts with lower-paid new hires, who will receive 50 percent of standard wages and lower benefits, thus taking advantage of concessions surrendered by the UAW in the 2007 national contract.

The new round of job cuts by US automakers is the sharpest expression of the continuing decline of American industry. Since 2000 Ford's US vehicle sales have fallen drastically, from around 4 million units a year to just over 2 million. Its market share has fallen from over 26 percent ten years ago to 15.5 percent in 2007.

Ford CEO Alan Mulally called the outlook for the auto industry in 2008 "challenging" due to the unfolding crisis in the US and global economy. He said the company would not return to profitability until 2009, predicting a further decline in sales and market share and another loss for 2008. US auto sales have fallen for two straight years and Ford has already reduced its assembly capacity from 3.6 million vehicles in the fourth quarter of 2005 to 2.9 million, mostly due to job cuts.

The past year saw Ford eclipsed by Toyota as the world's second largest car manufacturer with the Japanese-based auto company in a virtual dead heat with General Motors for number one, in terms of global sales. Toyota sales also surpassed those of Ford in the US market, marking the first time since 1931 that Ford has not held the number two spot.

Under these conditions Ford and the other automakers are relying on the services of the UAW bureaucracy to impose ever greater levels of sacrifice on the backs of workers.

The new four-year contract permits lower tier workers—making $14 instead of $28 an hour—to comprise up to 20 percent of Ford's workforce. Under a special provision in the contract, workers at Ford's Rawsonville and Sterling Heights powertrain plants outside Detroit, currently employing some 4,500 hourly workers, don't count toward the 20 percent cap. Ford is planning to staff these plants entirely with lower tier workers.

Ford has reportedly reached an agreement with the UAW for two rounds of buyouts. The first will be offered immediately to less than 1,000 workers at three plants that have already closed. The second round of buyouts will be offered to most remaining Ford workers starting February 18.

Ford is reportedly offering workers eligible for retirement $50,000, an increase over previous offers, $70,000 for skilled trades. The company currently has 22 percent of its hourly employees eligible for retirement, a significantly lower proportion than General Motors.

It also reportedly plans to offer younger workers $100,000 lump sum payments and a limited extension of health care benefits. Given workers utter lack of confidence in the UAW leadership, it is likely that many workers will accept these paltry payouts rather than wait to be laid off as the company continues its downsizing.

The UAW openly boasts of its role in slashing costs at the expense of workers. UAW President Ron Gettelfinger acknowledged that Ford plans to replace those taking buyouts with lower-paid workers, declaring "We knew what we were doing when we went into it, but we also recognized that the companies needed help." He has repeatedly taken note of the fact that the 2007 contract will save the company $1,000 per vehicle.

In exchange for the massive concessions the union gave Ford, GM and Chrysler, the UAW bureaucracy was given control of a multi-billion retiree health care trust fund, making it the proprietor of one of the largest private investment funds in the US and potentially the largest shareholder of GM and Ford stock.

An opinion piece in the January 15 edition of the *Wall Street Journal* titled "Two Heroes of Detroit" touted Gettelfinger and Delphi Corporation CEO R. S. Miller—who initiated the drastic wage-cutting in the industry—for their joint roles in imposing historic givebacks on UAW members.