Ford to cut as many as 20,000 jobs worldwide

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Just days after shareholders and investors criticized the top executives of Ford Motor Company for the "pathetic performance" of its stock price, the *Wall Street Journal* reported that Ford is planning to cut 10 percent of its global workforce. The jobs massacre, primarily targeting salaried workers, could affect up to 20,000 of the company's 201,000 workers worldwide.

The number two US automaker has reported steady profits for seven straight years, including record earnings and operating margins in the last two years, and $1.6 billion in profits in the first quarter of 2017. Nevertheless, Wall Street has punished the Dearborn, Michigan-based corporation by driving down its share value by 40 percent since mid-2014.

Investors anticipating an end to the long boom in US vehicle sales want automakers to quickly slash the number of salaried and hourly employees they hired to meet growing demand since 2010.

While it more than halved its US hourly workforce, from 88,386 in 2004 to 40,398 in 2010, the automaker added roughly 15,000 mostly low-paid hourly workers over the last seven years. It also has 30,000 salaried workers in the US, and a 10 percent cut would wipe out 3,000 jobs.

Insiders who spoke to the *Journal* said Ford would outline its job cuts as early as this week. They said it was unclear whether the plan would include reductions in the hourly workforce at Ford's factories in the US and abroad. "Ford has said it expects its profits to fall in 2017 and has flagged slowing sales in the U.S. and China—two of the world's largest auto markets," the *Journal* noted.

GM has already responded to a growing inventory of unsold cars by slashing thousands of jobs and eliminating shifts in Michigan, Ohio and other states. It has also spun off its German-based Opel and UK-based Vauxhall divisions to French carmaker Peugeot-Citroen, ending nearly 90 years of GM manufacturing in Europe.

The job cuts explode the myth propagated by the Trump administration and the news media about supposed "full employment" in the United States. Trump, with the full backing of the United Auto Workers (UAW) and other unions, claims that his "America First" nationalism and threats of trade war against China and Mexico, along with proposals for drastic deregulation of business, would be a boon for American workers.

The stock market boom has only concealed the crisis of the real economy in the US, which is profoundly impacted by the global economic slowdown and the decades-long decay of American industry. The fall in auto sales, which is closely bound up with rising interest rates, record car loan defaults and increased sales of used and formerly leased vehicles to large numbers of Americans who cannot afford new cars, could signal a far broader economic downturn.

In a statement, Ford said it would not speculate on any "new people efficiency actions," a euphemism for mass layoffs, but would remain focused on its three strategic priorities to "create value and drive profitable growth." This included: "[F]ortifying the profit pillars of our core business, transforming traditionally underperforming areas of our core business and investing aggressively, but prudently, in emerging opportunities." The statement added that "reducing costs and becoming as lean and efficient as possible also remain part of that work."

During Ford's Investor Day event last September, the company's chief financial officer, Bob Shanks, said Ford expects to cut "about $3 billion annually in 2016, 2017 and 2018" to support investments and expansions into capital-heavy investments in the areas of electrification, autonomy and mobility, which Ford calls "emerging opportunities."

Reuters, citing a person briefed on the new job cuts, reported that Ford plans to "offer generous early retirement incentives" to reduce its salaried headcount by October 1, but does not plan cuts to its hourly workforce or its production.

Ford, however, is already reducing the number of its hourly workers in Europe. In Germany, where the company employs 24,000 workers, Ford has made voluntary buyout offers to "a limited number of staff over the past few months," according to the IG Metall union, which claims it has not been informed of a bigger job-cut program.

Ford has already discussed job cuts with the Unite union in the United Kingdom. The company plans to cut 1,160 jobs from its Bridgend plant by 2021, leaving only 600 workers at the Welsh engine facility and casting doubt on its future. The site makes small engines for Ford and more-powerful V6 and V8 engines for Jaguar Land Rover.

"The company's performance has been lagging, even during times when the US market was doing extremely well," Sascha Gommel, a Frankfurt-based automotive analyst with Commerzbank, told Reuters. "Ford, like other carmakers, is under pressure to stem increasing investments in future technologies, so they need to make adjustments elsewhere," he said, adding that the US and South America could see the biggest hits.

At the close of the day on US markets Tuesday, Ford and General Motors were trading at $10.94 and $33.42 per share respectively, a fraction of the stock price of specialty carmaker Tesla ($317.01 per share), which has yet to make a profit.

The descent of the Detroit automakers' share value—despite record profits—is part of a longer trend, in which financial parasitism has surpassed industrial production as the main means through which the American ruling elite accumulates its vast fortunes.

The Ford job cuts were announced the same day the *New York Times* reported that hedge fund manager Ray Dalio made $1.4 billion in 2016. Summing up the ruling elite's contempt for production and the working class, Dalio once said, "The money that's made from manufacturing stuff is a pittance in comparison to the amount of money made from shuffling money around."

Like Ford CEO Mark Fields, General Motors top executive Mary Barra has been under pressure from Wall Street to funnel even more money into the pockets of its richest investors. Having failed to push up its share value, despite squandering some $10 billion on a stock buyback program, Barra is facing demands by Greenlight Capital Inc., a hedge fund run by David Einhorn, to restructure GM's debt and bring in new board members.

In 2015, Harry Wilson, a former member of President Obama's auto taskforce, led the charge of four hedge funds to demand that GM increase its stock buyback program. This underscored the essential meaning of Obama's auto industry restructuring in 2009, when the Democratic president handed GM and Chrysler over to Wall Street sharks like Wilson to halve the wages of young autoworkers, wipe out tens of thousands of jobs, free the auto companies of their retiree health care obligations and impose brutal speedup on workers to enrich the financial aristocracy. Although Ford did not go into bankruptcy, with the backing of the UAW it followed the same cost-cutting path.

Commenting on the Ford CEO, the *Wall Street Journal* noted, "Mr. Fields, a 28-year veteran of the company, ran Ford's core North American unit for several years and served as architect of many of those downsizing efforts. He has overseen several tense negotiations with United Auto Worker officials. He also shrank the company's European operation earlier last decade, earning a reputation as a hard-nosed leader willing to attack the cumbersome cost structure that long burdened Detroit's car companies."

Far from engaging in "tense negotiations" with the UAW, Ford has relied on the union apparatus to suppress opposition to its downsizing plans. Following the ratification of the UAW-Ford contract in 2015, which workers said passed only due to ballot-stuffing by the UAW, Ford executives hailed their union "partners" for pushing through a deal that kept labor cost increases below the rate of inflation—despite a push by workers to recoup lost income after a decade-long wage freeze—and expanded the number of part-time and temporary employees who could be quickly sacked at the first sign of declining sales.

"We've just had a bunch of new people hire in," James, a worker with five years at Ford's Chicago Assembly Plant, told the *World Socialist Web Site*. "I can't imagine how that would affect you, if you had just started getting your financials in order, and now you're about to lose your job.

"At the end of the day, investors' dividends have been breaking records. They've got plenty of money. The company and us, we have different needs altogether, but they're more concerned about the investors' profits. That's the problem with capitalism, this whole society and the powers that be."