

Ford announces plans to slash US car production, cut billions in costs

Marcus Day
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Ford Motor Company announced Wednesday that it plans to slash both production and sales of passenger car sedans in the US, gambling on continued demand for more profitable SUV and pickup truck models. Ford will eliminate the Taurus, Fusion, Fiesta, and C-Max from its line-up, leaving only the Mustang sports model and next year's Focus Active crossover.

In addition, the company revealed its intention to cut \$11.5 billion in costs between 2019 and 2022. The cuts come on top of \$14 billion previously announced last fall.

Ford's historic shift away from traditional cars and other restructuring measures are being driven by Wall Street's relentless demands for greater efficiency, cost-cutting, "labor flexibility," and investment returns from the automaker, which is facing flat sales and flagging profit margins.

A Morgan Stanley investment firm analyst told CNBC, "Virtually eliminating Ford's NA [North American] car portfolio makes a lot of sense, in our view. No more Fusion. No more Focus. No more Fiesta. No more Taurus."

In their drive to overhaul their operations and lower workers' living standards still further, Ford and the other auto companies are fully expecting to rely upon the United Auto Workers union to suppress growing opposition and act as a partner in the attacks, as it has done for the last four decades.

The UAW has thus far been silent on Ford's restructuring plans. "The UAW is going to let the company say whatever they're going to say," said a veteran worker at Ford's Chicago Assembly Plant contacted by the *WSWS Autoworker Newsletter*. "Then they're going to come out and try say why it's a good thing or offer a lukewarm rebuttal that won't change anything."

Ford's announcement that it would effectively eliminate its sedan lineup follows Fiat Chrysler's 2016 decision to end passenger car production in the US, shifting towards larger, more profitable vehicles such as Jeep SUVs and Dodge pickups. Pressure is now building for General Motors to follow suit. "I think we have been on this path for a number of years," Chuck Stevens, GM's chief financial officer, said Thursday.

However, any substantial increase in gasoline prices or interest rates would have disastrous implications for such a setup, and would once again throw the US auto industry into a tailspin.

While Ford has stated that its latest raft of cuts will impact marketing, sales, engineering, and materials costs, it has thus far concealed to what extent they will include mass layoffs or plant closures in the US. However, officials have indicated that "money-losing" operations in Europe and South America may be targeted next for closure or sale.

"We have looked at every single part of the business. It's a little bit of everything, and I don't think they're done yet," said Bob Shanks, Ford's Chief Financial Officer. "We are undergoing a profound transformation and are committed to decisive action."

A second-tier worker from Chicago Assembly denounced the corporate indifference to the suffering the restructuring would inevitably inflict. "They only care about the money. The corporate people won't be affected by this," he continued. "It's the people on the low end, the laborer, they're the ones who are hurt by this. All they're trying to do is make a living and support their families."

News of Ford's restructuring plans came amidst the release of first-quarter financial results for the US auto industry Wednesday and Thursday. Each of the Big Three auto companies saw declines in pretax profits for

North America from a year ago, with GM's down 37 percent, Ford's 14 percent, and Fiat Chrysler 2 percent.

The decrease in pretax profits at Ford has been attributed by company officials in part to rising commodity prices, primarily steel and aluminum. President Trump's tariffs on imports of both are expected to squeeze the profitability of the automakers further.

However, both Ford and Fiat Chrysler saw an uptick in after-tax profits, due to the Trump administration's massive corporate tax-cut handout. According to Ford spokespeople, the increase in net income was almost entirely the result of the slashing of their effective tax rate from 28.6 percent to 9 percent.

In response to industry "headwinds," GM has undertaken its own restructuring measures, announcing plans in recent weeks to lay off anentire shift at its assembly plant in Lordstown, Ohio, while hiring thousands of low-paid temporary workers under a subsidiary, as part of an agreement worked out with the UAW behind the backs of workers.

In addition, GM has sought and extracted massive concessions from autoworkers at its operations in South Korea.

Holding a gun to the head of workers with the threat of throwing GM Korea into bankruptcy protection, the company, working with the Korean Metal Workers Union (KMWU), forced through an agreement this week, which freezes wages, cancels bonuses, and cuts benefits, among other concessions. The Detroit automaker will shut its operations in Gunsan, one of four GM plants in the country. Over 2,600 workers, or 16 percent of the company's South Korean workforce, have been coerced into leaving via a "voluntary" severance program.

Whether in South Korea or the United States, Europe or South America, workers are facing unending demands to lower their living conditions, even as corporations such as the Big Three continue to rake in billions in profits every year. In this struggle, workers are finding that the unions are no less determined enemies than the employers themselves. They are increasingly being driven into opposition against them, as seen in the rebellions of teachers in West Virginia, Oklahoma, Arizona, and other states.

When asked what he thought the way forward is against the companies' demands, the veteran worker

from Chicago Assembly said, "I honestly think we need to move away from the union, from the UAW. The UAW is showing its true colors. How can you trust them?"

"We've seen it with the teachers taking a stand. Is it hard? Yes. Is it impossible? No. It's a hard position because everyone is afraid of losing their jobs and incomes. On the other hand, it's too hard to continue working the way we're working and being treated the way we're treated."

In order for workers to secure any of their social interests—whether for decent jobs, health care, a secure retirement, or safe working conditions—they must take matters into their own hands and establish rank-and-file factory committees, which are not only independent of but also opposed to the pro-company unions. Such committees must link up all the various struggles against inequality, in the US and throughout the world, and advance as their demands not what the capitalist ruling class and their political representatives say they can afford, but rather what the working class needs.



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