

Harley-Davidson slashes 700 jobs worldwide as stock price continues to rise

Jessica Goldstein**16 July 2020**

Last week Harley-Davidson announced that it will cut 700 positions globally in 2020. Five hundred positions will be eliminated through layoffs and the remaining 200 are vacant positions that will remain unfilled, according to a company press release issued July 9.

The job cuts are a part of the motorcycle brand's "Rewire" restructuring plan, and the corporation plans to permanently eliminate the positions, meaning that they will not be rehired in the future. Chief Executive Officer Jochen Zeitz, who took over in February after orchestrating the restructuring of the Puma clothing brand out of bankruptcy, said that the purpose of the company restructuring is to create a "leaner and more nimble organization."

The Milwaukee, Wisconsin-based corporation recorded its lowest sales in the United States—the company's largest market—in 16 years. The brand's revenue decreased by 8 percent globally last year, the fifth straight year of falling sales, and it reported its motorcycle shipments down by 6.4 percent compared to 2018. In response to financial pressures, the company tightened its supply to avoid lowering prices, in the name of protecting profits.

Company analysts cited an aging consumer base and failure to market to younger customers as a main source of its revenue struggles over the past several years, as well as the economic impact of the coronavirus pandemic more recently in curbing demand.

The majority of younger workers worldwide, including in the US, can ill afford the expensive motorcycles, priced at an average of \$20,338. They also tend not to own private homes at which to store them safely, nor do they have the leisure time of past generations to take the long trips for which they are built.

In spite of this, as for many other auto manufacturing

corporations, the company's stock price has risen from \$17.80 on March 23, when lockdown measures in the US went into effect in many states, to \$28.87 at the close of the markets Wednesday. The corporation took in over \$1.9 billion in profits in 2019, despite the drop in sales.

Last week's announcement of job cuts follows on the heels of 140 US manufacturing jobs cut by Harley in the last week of June. The company axed 50 jobs at its Tomahawk, Wisconsin plant and another 90 at its York, Pennsylvania plant.

The restructuring at Harley-Davidson will incur charges of \$50 million, including severance and other costs. The company will not reveal details of the cost saving until later in July, when it unveils its 2021-2025 financial plans.

In 2019, workers at Harley Davidson's plants in Tomahawk and Menomonee Falls, Wisconsin rejected a sellout contract put forward by the United Steelworkers (USW) and the International Association of Machinists (IAM), only to have it forced on them less than two weeks later. In addition to paltry wage increases that did not keep up with inflation, the concessions included maintenance of the "SURGE" model, widely hated by workers, which ramps up production by up to 50 percent in the plants from January to June, through augmentation of the workforce with hundreds of temporary, casual workers. This model often leads to temporary layoffs of regular employees in the latter part of the year.

In 2018, the corporation completed the closure of its New Castalloy plant in Adelaide, Australia, in collaboration with the Australian Workers Union and the Labor government, resulting in the loss of 120 jobs. Workers were not told by union officials and management until the end of their shifts that they had

been laid off, a tactic used in order to wring out as much production as possible from each worker. The same year, Harley-Davidson also announced the closure of its plant in Kansas City, Missouri by mid-2019.

Harley-Davidson's restructuring plan will lead to a further casualization and lowering of wages of workers worldwide, while increasing speedup in its plants across the globe in the name of maintaining its profit growth. Its decisions follow the logic of the corporate ruling class around the world, seeing the economic destruction brought on by the pandemic as an opportunity to carry out the destruction of all the gains that workers have struggled for over the past several decades.

The IAM and USW formally withdrew from joint labor-management agreements with Harley-Davidson in 2017, while continuing to maintain existing collective bargaining agreements in its US plants, citing the corporation's decision to open a plant in Thailand to produce for the Asian market in 2018, which would assemble bikes from US-imported component parts. IAM President Bob Martinez lamented the potential loss of jobs for US workers, but his real complaint was about the lost opportunity for dues to further pad his annual salary of over \$300,000.

Both the IAM and USW trade unions line up behind US President Donald Trump's reactionary "America First" trade agenda. This has resulted in the lowering of wages and destruction of jobs and living standards for both American workers and their fellow workers around the world, as tariffs on imported goods and metals took effect in 2018. The trade war is mainly aimed at China but is also levied against other US rivals in Asia, Europe and the Americas.

In 2018, Trump threatened to tax Harley-Davidson "like never before" if it moved US production overseas in reaction to the EU's 25 percent retaliatory tariff increase on US-imported motorcycles. In reality, the company had been opening plants in countries outside of the US for decades in order to reduce the cost of import taxes and shipping to new markets. It opened a plant in Manaus, Brazil in 1999, and in 2014 began production of two models, the Street 500 and 750, at its plant in Bawal, India.

Instead of uniting workers against the corporate giants like Harley-Davidson, which exploit workers

doing the same jobs all over the world, the trade unions in the US, Australia and other countries have long sought to use nationalism and chauvinism as a whipsaw to force workers to accept lower wages and pit workers in different countries against one another. Another aim is to deflect anger at falling living standards away from the transnational corporations.

Now, as the COVID-19 pandemic threatens the lives of workers being forced back to work under unsafe conditions in every country around the world, it is more important than ever that workers internationally reject the nationalism of the trade unions and capitalist governments. The fight against the job cuts demands an international and socialist program, oriented toward uniting the workers of every country against the global capitalist system, and organizing the manufacturing of autos and heavy industry to meet the social needs of the working class, not the private profit interests of the parasitic corporations.



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