

# Ford to slash 1,400 jobs as auto industry cuts widen

Tim Rivers  
3 September 2020

Ford Motor Company will eliminate 1,400 salaried jobs before the end of the year, the company announced Wednesday, advancing its years-long, multi-billion dollar restructuring plans. The cuts will begin via early retirement buyouts, targeting older, better paid employees, but intensified attacks on jobs and working conditions throughout Ford's workforce will inevitably follow.

Ford's president for North America, Kumar Galhotra, announced the buyouts in an email to employees Wednesday, stating, "We're in a multiyear process of making Ford more fit and effective around the world. We have reprioritized certain products and services and are adjusting our staffing to better align with our new work statement."

As has become standard practice, layoffs are threatened if Ford doesn't reach its target of voluntary buyouts. "Our hope is to reach fitness targets with the voluntary incentive program. If that doesn't happen, involuntary separations may be required," Galhotra concluded.

The stock markets responded positively to Ford's announcement of job cuts, boosting the company's share price 1.76 percent Wednesday.

Even as Ford and other major corporations are forcing workers back into deadly working conditions in the midst of the coronavirus pandemic, they are using the economic crisis to engineer further restructuring measures and carry out a jobs bloodbath. Also on Wednesday, United Airlines announced that it would indefinitely furlough over 16,000 employees at the beginning of October.

Ford's own cost-cutting efforts are set to accelerate with the ascension of Jim Farley, currently COO, to the role of CEO in October, replacing current CEO James Hackett, who has been under fire by major investors for

years. Despite overseeing tens of thousands of layoffs and billions in cost cuts, Hackett has been viewed by Wall Street financiers as insufficiently aggressive in carrying out the attacks.

In 2019, Ford had announced 7,000 salaried job cuts, along with the layoff of 12,000 workers and the closure of five plants throughout Europe. Expressing the ruthless drive for profit of the financial elite, Morgan Stanley analyst Adam Jonas said last year that Ford would not reach the profits the company was promising and instead stated that an additional 23,000 white-collar jobs were needed.

The depth of the crisis at the company, which was long seen as a mainstay of global auto production, can be seen from key figures on its balance sheet just over the last two years. Ford's net income has fallen almost continually since the end of 2017. In its first quarterly earnings net loss since 2009 during the Great Recession, the firm recorded a loss \$2 billion for the first three months of 2020, and has projected a net loss for the full year. Analysts have also been quick to point out that Ford has been losing money in every market except North America and the company's debt was cut to junk status by ratings agency S&P in March.

At the same time, Ford is sitting on a pile of cash on hand, \$39.3 billion, up \$2 billion from last year's amount, and was in the top 10 US companies with the most cash available near the end of 2019, behind only the tech behemoths Microsoft, Alphabet (Google), Apple, Facebook and Amazon, and Warren Buffett's Berkshire Hathaway.

Nevertheless, in the frenzied competition to dominate new and emerging technologies, global automakers are racing to slash costs and ensure massive sums of money continue to flow to the largest investors. Incoming CEO Farley has said that the company is targeting a profit

margin of 10 percent in North America, up substantially from last year's 6.7 percent margin. Such an outcome could only take place through an immense intensification of exploitation of Ford's workforce.

In response to Ford's job cuts announcement, numerous workers posted comments on the web site thelayoff.com, pointing to the further job cuts waiting in the wings.

"If this September 8th offer is true," one wrote, "it only means there will definitely be a heave hoe coming after the voluntaries."

Another added, "The voluntary packages will be followed by involuntary packages, the involuntary packages will again target those employees nearing pension milestones and the highly compensated employees. Those of you a few years shy of 30 years and not yet 55 will be primary targets."

After years and decades at the corporation, workers who had once held the expectation of a well-paid lifetime career are now facing the stark reality of suddenly being cast into poverty.

"Ford claimed that you could keep your benefits until eligible for Medicare, but they have since raised the monthly cost and co-pays so much that it's unaffordable," reported another worker. "I know a few people who thought they could afford to take the buyout but are now stretched because of the increased cost of Ford benefits. I don't believe you could qualify for unemployment after nine months because you technically quit your job."

Along with the record stock prices endlessly touted by the Trump administration, a wave of job cuts is slicing through major corporations worldwide. More than 200,000 job cuts and buyouts have been announced in recent weeks, and corporations globally anticipate more blood-letting as furloughs implemented early in the pandemic are transformed into permanent layoffs.

Germany-based automaker BMW is also cutting salaried positions in the US, and last week announced plans to cut some 400 jobs at its Mini car plant in Cowley in the United Kingdom. The company earlier this year announced plans to cut 16,000 positions globally. Both Volkswagen and Daimler AG have also signaled plans to carry out mass job cuts, and a wave of layoffs has been spreading throughout Brazil's auto industry.

In the airline industry, more than 400,000 workers had been fired, furloughed or told they could lose their jobs in the immediate future by the end of July. More reductions have been announced since, including American Airlines, at 19,000 workers, and United's 16,000. Lufthansa is working on more cost-tightening measures that could see another 20,000 jobs destroyed. Airbus chief executive Guillaume Faury said last month that a plan to cut 15,000 jobs was not the worst-case scenario.

Earlier this year, agricultural equipment giant John Deere announced its own round of early retirement buyouts of salaried employees as part of its "Smart Industrial" restructuring, along with the layoff of production employees in Iowa. The job cuts via voluntary retirements were followed last month by the termination of an undisclosed number of white collar workers.



To contact the WSWs and the Socialist Equality Party visit:

**[wsws.org/contact](https://wsws.org/contact)**