

Ford Motor Company severs EVs from traditional business, threatening massive job cuts and poverty wages

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Ford Motor Company will sever electrical vehicle (EV) manufacturing from its business selling traditional gas-powered vehicles, the auto giant announced at the beginning of the month. The official announcement came with a pledge to invest huge sums in the global scramble for electric vehicle sales. Ford will invest \$30 billion in EVs, a massive infusion which will likely not result in profits for years. To pay for this, the company plans to cut its internal combustion business to the bone in order to squeeze as much profit as possible.

The automaker expects EVs to comprise 30 percent of global sales within 5 years and half by 2030. The new EV unit will be called Ford Model e, while the combustion side will be known henceforth as Ford Blue. Both units, along with the recently created Ford Pro that focuses on commercial and government fleet buyers, will collaborate in some areas but operate substantially independently from one another, measuring profits and losses as separate entities.

Ford has set the bar to cut structural expenditure by a whopping \$3 billion before 2026, by “streamlining” its legacy plants. Ford expects to produce 2 million electric vehicles in 2026, far beyond the 600,000 EVs projected next year.

“We’re literally splitting the business in half,” said CEO Jim Farley. His strategy is “sharpening our effectiveness ... by making the most of existing capabilities, adding new skills wherever they’re needed, simplifying processes and lowering costs.”

Hedge fund managers and corporate investors, who had been holding Ford stock at bargain basement levels for more than a decade while they demanded profit margins on a par with Tesla and Amazon, applauded Farley’s announcement, boosting Ford shares over 8 percent the very same day.

When Farley became CEO at the end of 2020, he referred to himself as a “change agent” within the company. Since becoming CEO 16 months ago, Farley, 59, has accelerated Ford’s EV plans, tripling output of the Mustang Mach-E and doubling production for the F-150 Lightning which is due out this spring.

Last September, Farley poached Doug Field, the head of the Apple’s electric car project and a former top executive at Tesla.

As president of the Model e division, Field’s task will be making the legacy automaker “more nimble.” “Cost-cutting, streamlining, disrupting” are all buzzwords for massive attacks on production workers’ jobs and whatever is left of their wages and working conditions.

To hammer the point home, the new president for the internal combustion sector Kumar Galhotra added, “We are going to be hyper-competitive on costs and make quality a reason to choose Ford. And by doing all that, Ford Blue will be an engine of cash and profitability for the whole company.”

Compared to the traditional internal combustion vehicle, an electric vehicle requires far fewer moving parts and a smaller workforce to manufacture. Widespread job destruction is on the agenda, while the company plans to add an even lower fourth tier of ultralow-paid production workers, starting with its new battery factories.

Cutting jobs and slashing wages to the bone is the reality behind President Biden’s remarks in the State of the Union speech focused on promoting American competitiveness in the emerging electric vehicle market, in which Chinese manufacturers have taken an early lead. Biden cited Ford’s \$11 billion investment in a joint venture with South Korea’s SK Innovation to build 3 battery plants in Tennessee and Kentucky and General Motors’ \$7 billion investment in EV facilities in Michigan as examples of companies that “are choosing to build new factories here, when just a few years ago, they would have built them overseas.”

He claimed falsely in his address that this would lead to “good-paying union jobs at Ford and GM,” but in fact, Biden is seeking to use the corrupt United Auto Workers union to slash wages much as he did during the bailout of the auto industry in 2009 as Obama’s vice president.

To get a sense of what is in store, autoworkers should take a close look at what happened at GM’s Assembly plant in Lake Orion, Michigan, which produces the Chevy Bolt EV and the Chevy Cruise, an experimental autonomous vehicle (AV).

In 2018, then UAW Vice President GM Cindy Estrada signed a secret Memorandum of Understanding allowing the company to get rid of full-time workers and run the plant using

contractors from GM Subsystems, a dummy company founded in 2009 right before GM's bankruptcy. These workers made far less than regular employees but still had to pay union dues. GM has since announced a \$4 billion investment in the Lake Orion plant, as part of its own plans to ramp up EV production.

In response to Ford's reorganization, the union offered up absurd lies to cover up its role in both the past and the future. "As has always been the case," UAW VP for Ford Chuck Browning claimed, "the best interests of our members remain at the forefront of discussions with Ford in order to assure job security and shared prosperity as Ford emerges as a leader in the manufacturing of electric vehicles."

This is an insult to autoworkers' intelligence. They all know perfectly well that the UAW has colluded with the auto companies for decades, to carry out endless rounds of jobs and wage cuts, cynically justified in the name of "job security." As for "shared prosperity," this is only true for the UAW bureaucracy itself. Through illegal bribes of the type which have led to the indictments of more than a dozen top UAW officials in a recent probe, as well as even more lucrative legal bribes including corporate stock, control of investment funds and billions funneled into "joint training centers" and other labor-management schemes, the UAW has been totally integrated into management.

The company's announcement is part of a bitter international struggle between the major automakers over the market share and profit margins in the rapidly emerging electric vehicle market. During the same week as the Ford announcement, Stellantis CEO Carlos Tavares promised to spend \$36 billion for electrification and software within 8 years and deliver the company's first electric vehicle by 2025. Stellantis plans to sell 5 million EVs by 2030, including 100 percent of its sales in Europe and half of its sales in North America.

In 2019, during the nationwide strike at General Motors, WSWS explained the vast transformations in the global auto industry which were already underway:

For the financial aristocracy the defeat of the strike is a strategic, not a short-term, question. In the face of growing signs of a global economic downturn and vast technological changes, Wall Street is seeking a broader restructuring of the global auto industry and a shift of capital towards electric and autonomous vehicles. Though not profitable yet, these technologies promise immense returns to investors from whatever global automaker dominates the market.

This will require, however, the destruction of whatever is left of the social rights of autoworkers. The auto industry must impose the conditions that prevail at tech giants like Tesla, Amazon and Google. Rather than having any expectation of long-term employment, annual raises, medical coverage and a pension after

retirement, autoworkers will face the same hyper-exploitation as workers in the so-called Gig Economy.

The "Amazonization" of the global auto industry means future workers will be nothing but low-paid contract workers or "perma-temp" who can be hired and fired at will, depending on which way the economic winds blow.

Wall Street is gearing up for a fight that will have vast implications for the future of workers at Ford and Fiat Chrysler, in every auto and auto parts factory in the US and across the planet and for workers in every economic sector.

The attack on autoworkers also proceeds along international lines. In Europe, the unions and union-dominated works councils have pitted Ford workers in Saarlouis, Germany, and Valencia, Spain, against each other in a bidding war to secure production of a new electric vehicle. The location of the investment will be based on which plant can offer the most concessions, with the losers losing their jobs.

There is also a bitter struggle not only over market share but for government support. Biden's proposed tax credits for EV purchase would extend only to vehicles produced with union labor—that is, at companies where the exploitation of the workforce takes place with the collaboration of the pro-corporate union bureaucracy.

This would favor the heavily unionized Detroit automakers over their nonunion rivals, including both foreign-owned auto companies which produce vehicles at nonunion plants in the American South, as well as the EV startup Tesla owned by billionaire libertarian blowhard Elon Musk. Musk reacted with a series of sarcastic tweets recently, "hereby inviting" the UAW to organize an election at his plant in Fremont, California, while making clear his opposition to the UAW.

However, the UAW would function as no less a company union at Tesla than it already does at the Detroit Three. Indeed, one of the purposes of Biden's tax credit is to encourage companies to bring in the unions as a bulwark against rank-and-file opposition from below.

Biden's worst fear is that this opposition, which will grow tremendously in response to attacks on workers' living standards being pushed alongside the transition to EVs, will find an independent outlet.



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