

FORD LAYOFFS REQUIRE LAROCHE POLICY

U.S. Auto Capacity Is 'Excess' Until Congress Acts on Retooling

Two months after its chairman William Ford, III spoke in Washington on the need for an industrial revival in the United States, and diversification in the auto industry, Ford Motor Company announced on Jan. 23 that, effectively, one-quarter of its already-reduced North American industrial capacity is "excess." Some 30,000 hourly production workers' jobs are to be lost, and several U.S. communities devastated, as a result.

Without Congressional intervention to give credit and a new mission—economic infrastructure-building—to the U.S. auto industry—"retooling" auto as Lyndon LaRouche has proposed for the past year—Ford's action appeared inevitable. So far, despite many discussions of retooling policy and the formation of a manufacturing caucus in the Senate and an "auto caucus," Congress has not acted. Meanwhile, for five of the past six months North American auto sales have fallen from year-earlier levels, reducing U.S. GDP by a full percentage point in the fourth quarter of 2005. Again through January's first half, auto sales were down 11% overall from January 2005, which in turn was down from 2004. Ford's sales were down 25% from a year earlier; GM's, down 28%; and Chrysler's, down 13%.

Ford Motor Company's Jan. 23 announcement was of what one of its board members had earlier called its "mega-plan" of closures and layoffs; i.e., the maximum and most extreme shutdown under consideration. Fourteen North American plants are to close, including seven assembly plants, cutting Ford's North American auto capacity by 1.2 million units annually; and causing layoffs of 30,000 production workers, or one-third of Ford's remaining, shrunken North American productive workforce. Ford already employs more production workers overseas, than in the United States. Both in Ford's last "restructuring" in 2000, and in this one, all of the plants closed and jobs cut have been in its North American operations.

UAW President Ron Gettelfinger called the Ford announcement "devastating news for auto workers and their families," the more so because more than half of the 14 plants targeted for closure are still to be announced in the near future, effectively "targetting" the entire workforce with the possibility of layoff and unemployment.

The 14 manufacturing facilities will "be idled and cease production by 2012," but most of them will shut by 2008, said the Ford announcement. The assembly plants identified for closure so far, all of which are to be shut by 2008, are:

- St. Louis Assembly
- Atlanta Assembly
- Wixom (Michigan) Assembly
- Batavia (Ohio) Transmission
- Windsor (Ontario) Casting
- Two additional assembly plants to be named later in 2006.
- Production at St. Thomas Assembly (Ontario) will be cut to one shift.

These shutdowns—with, presumably, seven more engine, other production, or parts plants still to be named—also do not include any of the 14 stranded Visteon parts plants which Ford just bought back from Visteon, and placed into "Ford Automotive Holdings, LLC." Three of these plants have already been scrapped, and *EIR* has published maps identifying all of them as targeted for closure, or breakup after sale abroad.

Ford's announcement called for one innovative expansion in North America, a target to produce 100,000 hybrid diesel-electric cars annually by 2010.

Suppliers and Cities

Ford had also announced on Jan. 20 that it intends to reduce its global suppliers list, who now do an estimated \$70 billion work annually, from 2,500 today to 800 by 2008-09,

City of Detroit

CITY PLANNING COMMISSION

202 City-County Building
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EIRNS/Gene Schenk

The closings and layoffs being announced by the Big Three automakers will turn whole cities and towns into “ghost towns,” as has already occurred in Detroit. The map shows Detroit’s vacant lots—four times as many as in other cities. The photo shows sections of Detroit that are reverting to grassland; only the line of telephone poles indicates where a street used to run.

a two-thirds elimination of suppliers. Some 27 suppliers have “preferred” status; these are large companies like Visteon, Dana Corp., Lear Corp., Collins and Aikman, and Federal Mogul. However, some of these companies are bankrupt, and all are, or are becoming, targets for takeover and possible breakup, by foreign auto suppliers, or by hedge funds and “equity fund” pirates like the notorious Kirk Kerkorian and Wilbur Ross.

The impact on towns and cities can be indicated by two examples from the short list of closures above. The city of Wixom, Michigan has only 14,500 residents, with 1,500 production workers employed at Ford Wixom. The auto plant represents 12% of the city’s tax base, according to city manager Mike Dornan: “Wixom wouldn’t be here without it.” And in Batavia, Ohio, east of Cincinnati, the Ford transmission plant to be closed, laying off another 1,500 workers, removes the largest employer in Batavia and in Clermont County; it will knock out 30% of the school budgets for both Batavia, and nearby Sharonville.

Additionally, 4,000 more salaried jobs are to be cut imme-

diately, and executive positions to be cut by 12%, in all claiming to “save” Ford \$6 billion through 2012.

Levin Speaks of ‘Apollo Program’

The immediate response of Michigan Democratic Sen. Carl Levin to the shock of the Ford announcement, showed that Congressional discussion is taking place along the lines LaRouche has pointed to. However, such words have to pass to detailed action by Congress now; and that action requires acknowledging, clearly, that “innovation in producing automobiles” does *not* meet the challenge of the collapse of the productive economy which the auto crisis represents.

Levin said, on Jan. 24, “Ford’s announcement further highlights the need to turn around the drain of manufacturing jobs in the United States. We must be aggressive in leveling the playing field for domestic manufacturers in areas such as health care and trade, including efforts to fight currency manipulation by other countries. We need an Apollo-type Federal program that includes Federal R&D and tax incen-

tives to encourage manufacturers to continue doing business here and to expand and re-equip existing facilities to meet today's challenges.

“Although I am pleased to see Ford's announcement that it plans to expand its use of advanced technology, which will help to increase its competitiveness, we need to do much more as a country to encourage advanced technology to help all of our domestic manufacturers.”

LaRouche's brief Nov. 26, 2005 memo (published below), one of several circulated to Congress since March 2005, made clear in detail the “retooling” action Congress must take and fund, to save the United States from “Third World” destruction of its former industrial capabilities.