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CHRYSLER TO LOSE $1.5B. 1B WINGS FIRST DAY ON ICE. 1C

FORD’S DRASTIC SHRINKING SPELLS PAIN FOR AUTO ICON AND ALL METRO DETROITERS

Cutbacks to ripple through economy

From charities and cities to small businesses and home sellers, no one will be spared the backlash,

By Louis Annear
The Detroit News

Can Michigan take any more pain?

Plenty of workers, home sellers, businesses and communities are asking that question as Ford Motor Co. announced Friday to cut the jobs of thousands of well-paid workers in Michigan, both white-collar and blue.

Coupled with the massive job cuts earlier this year at General Motors Corp. and bankrupt auto supplier Delphi Corp., (38,000 jobs), and with hundreds of other smaller job cuts by smaller manufacturers and busi-

nesses that never make headlines, Michigan is a region of well-paid workers in Michigan, that's still hurting as the state weathers a deep recession.

The pain hasn't discriminated: Retailers, restaurants, the housing market, charitable organizations and community tax bases are all hurting as the state weathered a massive downsizing of the industry that for so long made Michigan one of the highest-wage states in the country. That hasn't stopped Ford from closing two more plants — formerly Visteon — factories, in-

cluding 17 plants and six other facilities.

FORD’S LATEST SURVIVAL PLAN

• Cut 14,000 U.S. white-collar positions by early 2007 — 4,000 are already eliminated.

• Offer buyouts to all 75,000 U.S. hourly workers, aiming to cut 25,000 to 30,000 jobs by the end of 2008 instead of 2012.

• Close two more plants for a total of nine by the end of 2008 and another seven by 2012.

• Shut or sell all Automotive Components Holdings — formerly Visteon — factories, in-

cluding 17 plants and six other facilities.

• Reduce North American vehicle production capacity 26 percent by 2008.

• Delay goal of becoming profitable in North America by one year, to 2009.

• Eliminate stock dividend for the first time since 1982.

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Wall Street worries job cuts and factory closings not enough

By Bell Vickers
The Detroit News

The American auto industry took another huge hit Friday as Ford Motor Co. unveiled a radical plan to shrink in U.S. operations and halve the gross financial losses in its 102-year history.

With its losses mounting and its market share crumbling, Ford said it will slash 43,000 salaried jobs, offer buyouts to its entire unionized work force, and suspend and speed up plant closures in an effort to cut $11 billion in costs over the next three years.

The dramatic downsizing virtually guarantees that Toyota Motor Co. of Japan will surpass Ford for second place in U.S. auto sales behind market leader General Motors Corp.

Even with the cutbacks, Ford said it won't make money in North America until at least 2009. The com-

pany forecast stung investors by suggesting pay-

ment of its quarterly stock dividend for the first time in nearly 23 years.

Adding to Detroit's problems, the Chrysler Group said Friday it will lose $1.5 billion in the third quarter, more than double previous estimate.

The industry was bracing for a tougher ver-

sion of Ford's "way forward" restructuring plan, the depths of Ford's financial problems shocked longtime observers.

"This is a company that defined U.S. manufactur-

ing greatness," said Harley Shaiken, a labor expert at the University of California-Berkeley. "We are witnes-

s of its death sentence Friday, a generation later than we thought it should have.

Ford's announcement was painful to hostile shareholders who had long hoped the company would make money in the next three years.

Ford, which said analyst forecasts for 2005 and is expected to lose another seven by 2012.

Cutting capacity 26 percent by 2008.

Redesign or refresh 70 percent of product line-up by end of 2006. Introduce full-size crossover and redesigned F-150.

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