

# CHRYSLER TO LOSE \$1.5B. 1B

## WINGS FIRST DAY ON ICE. 1C

# The Detroit News

Saturday, September 16, 2006

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State Edition

# BLUE FRIDAY

## 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 hardship.

By LOUIS AGUILAR  
The Detroit News

Can Michigan take any more pain?

Plenty of workers, home sellers, businesses and communities are asking that question on the heels of Ford Motor Co.'s decision Friday to ax 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. (35,000 jobs) and bankrupt auto supplier Delphi Corp. (19,000 jobs), and with hundreds of other smaller job cuts by smaller manufacturers and businesses that never make headlines, Michigan is reeling from an assault on its middle-class way of life.

The pain hasn't discriminated: Retailers, restaurants, the housing market, charitable organizations and community tax bases are all hurting as the state weathers a massive downsizing of the industry that for so long made Michigan one of the highest-wage states in the country. The state lost 73,000 manufacturing jobs from 2003 to 2005 and is expected to lose another 85,000 from 2006 to 2008, according to a recent University of Michigan study.

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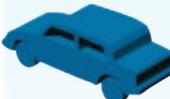
### FORD'S LATEST SURVIVAL PLAN



- 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, including 17 plants and six other facilities.



- Reduce North American **vehicle production** capacity 26 percent by 2008.



- Redesign or refresh **70 percent of product lineup** by end of 2008. Introduce full-size crossover and redesigned F-150.
- Eliminate **stock dividend** for the first time since 1982.
- Delay goal of becoming **profitable** in North America by one year, to 2009.



“There’s going to be a lot more work for us — that’s if our jobs are still there.”

DARIO SALMON, Ford engineer



“We are witnessing the decline and retrenchment of a major industrial icon.”

HARLEY SHAIKEN, UC-Berkeley labor expert

### Wall Street worries job cuts and factory closings not enough

By BILL VLASIC  
The Detroit News

The American auto industry took another huge hit Friday as Ford Motor Co. unveiled a radical plan to shrink its U.S. operations and halt the gravest financial crisis in its 103-year history.

With its losses mounting and its market share dwindling, Ford said it will slash 14,000 salaried jobs, offer buyouts to its entire unionized work force, and expand and speed up plant closings in an effort to cut \$5 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 company further stunned investors by suspending payment of its quarterly stock dividend for the first time in nearly 25 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.

While the industry was bracing for a tougher version 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. manufacturing greatness," said Harley Shaiken, a labor expert at the University of California-Berkeley. "We are witness-

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### Business as usual is dead in Detroit

Detroit's way of doing business received its death sentence Friday, a generation later than it should have.

If there's a message in Ford Motor Co.'s accelerated restructuring, painful and speedy as it is likely to be over the next year, it's that the Dearborn automaker existed in a fantasy world rooted in another century. There, market share was more important than profitability, capital was routinely destroyed and the Detroit way thumbed its collective nose at accepted business practices.

Only in Detroit do they pay people not to work.

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DANIEL HOWES

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Ford will speed new cars to market. **6A**

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White-collar workers ponder their future. **8A**

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■ Health dept.: Toss bagged spinach. **3A**

■ Madden mania heads to Ford Field. **1D**



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