



Ford CEO Suddenly Retires: Early Casualty of AV Revolution

During a conference call that followed [the official announcement](#) on Monday that Ford's CEO Mark Fields was going to retire — his position to be taken by the head of Ford's autonomous vehicle division — the company's executive chairman, Bill Ford, said, "This is a time of unprecedented change. And time of great change, in my mind, requires a transformational leader. And thankfully we have that in Jim."



That would be James "Jim" Hackett, who has run Ford Smart Mobility since it was established in March of last year. Hackett's job then was to "design, build, grow and invest in new mobility services ... as Ford expands its business model to be both an auto and a mobility company." His job now is to continue that transformation across the entire company.

Most observers made much of the unhappy online annual meeting just 10 days earlier during which investors expressed frustration not only over the company's stock performance — down 40 percent over the last three years — but also concerns that the company was falling behind in the race to produce AVs (autonomous vehicles) and EVs (electrified vehicles). Ford is at least three years behind its competitors in developing fully operational AVs, with the company estimating its AVs will first be available for sale in 2020. General Motors, Tesla, and Google (yes, Google) are all ahead of Ford, with Tesla bringing to market its fully-functioning self-driving automobile later this year.

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Google has teamed up, through its Waymo subsidiary, with Lyft in its efforts to birth an AV not much later. As a Lyft spokesman explained: "Waymo holds today's best self-driving technology, and collaborating with them will accelerate our shared vision of improving lives with the world's best transportation." The operative term is *improving lives*, as present vehicle owners and drivers will discover just how much AVs are likely to change their lives.

Journalist Mish Shedlock has been following the AV revolution closely, and he says that the "disruption will be massive." Benedict Evans, who works for a venture capital firm in Silicon Valley that invests in technology companies, [wrote 13 pages](#) on just how massive the coming disruption will be. The AV revolution, he says, will "completely remake the car industry and its suppliers, as well as parts of the tech industry."

First will be the savings of millions of lives lost in car crashes worldwide. More than a million are killed each year in those crashes, and those who survive are often maimed for life, running up billions in medical care. Evans says that these deaths and injuries, thanks to the coming technology that's just over the next hill, "will go away."

This will transform the insurance industry, as companies will not only see their claims diminish but along with it the profitability of selling single policies to vehicle owners. Instead they will be issuing blanket liability insurance policies to dealers, manufacturers, and app companies such as Uber and Lyft.



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It will also transform the auto repair business. As AVs become simpler (no longer being powered by internal combustion engines) they will last longer and require less maintenance. They will also be lighter, as almost 125 pounds in each new vehicle is related to various safety measures mandated by the government. Those mandates add about \$1,100 to the price of each vehicle. This means the road and highway maintenance costs will likely fall along with insurance.

There will be secondary or “second tier” benefits as well, according to Evans. AV’s won’t cause traffic jams or, where there is one, they will find a way around it well in advance. They won’t need to stop for traffic signals and they can, in his words, “platoon” — safely drive two feet apart at 80 miles per hour on the highway.

When cars become driverless, today’s drivers will become passengers, using drive time to read, nap, Skype, or work on their laptops. As the technology improves, not only will drive time fall but the vehicle itself will inform its passengers when the best time would be to leave, based on current road conditions.

The time will come, according to Evans, when the entire grid is computerized, not just the vehicles, reducing drive time and related operational expenses even further. It has been estimated that when the revolution has matured, customer transportation costs will be one-fourth of what they are currently.

Garages will no longer house automobiles but will be turned into additional living space, increasing the value of residential real estate. Parking lots, on the other hand, will no longer be necessary, thus allowing unused real estate to be developed for more useful purposes. Evans estimates, for example, that 14 percent — one-seventh — of all real estate in Los Angeles is used for parking.

As AVs and drones become commonplace, shopping malls will be transformed into offices or entertainment centers. There will still be shoppers who shop because they like to shop, but that number will continue to fall as it becomes ever easier, cheaper, and simpler to shop online.

Downtown streets will soon be devoid of shopping meters, turning many into pedestrian malls (i.e., Denver’s 16th Street Mall). Demand for city-subsidized buses is likely to drop as well, as AVs will be favored for point-to-point pick up and delivery that bus lines don’t currently provide.

Lyft and Uber drivers will slowly be displaced, with the biggest drop taking place with over-the-road truck drivers. At present there are an estimated one-and-a-half million over-the-road truckers, constrained by current rules to limit their driving to 11 hours a day. AV trucks on the other hand will be subject to no such limitations, with consequent and measurable cost reductions in the prices of goods being shipped. The revolution will extend naturally to local delivery drivers as well, allowing not only faster and more reliable delivery of products, but more cheaply as well.

Evans concluded his 13-page review of the future as the AV/EV revolution takes hold with this:

Pulling all of these threads together: if parking goes away, road capacity increases by, perhaps, several times, and an on-demand ride is the cost of a coffee, then one needs to start thinking much more generally, not just about cars, trucks and roads but cities, land use and real-estate. In fact, one needs to think about cities. Cars have remade cities over the past century, and if cars are now going to change entirely, cities will change too.

All of this is because of the free market’s continued desire to improve the lives of the consumer by making products and services simpler, easier, cheaper, and more efficient. The sudden retirement of Mark Fields as Ford’s CEO is just one small but telling early indication of the AV revolution that is taking place.



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