

Australia: Labor to hand over billions to car giants

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Amid a great deal of fanfare, Prime Minister Kevin Rudd has launched an assistance package, *A New Car Plan for a Greener Future*, putting billions of dollars of public money at the disposal of the three auto industry giants—Ford Australia, GM Holden and Toyota—that still assemble cars in Australia.

The total package—including sums pledged by the previous Howard government—amounts to \$6.2 billion. Under an Automotive Transformation Scheme, \$3.4 billion will be made available over the next 11 years. A Green Car Innovation Fund, heralded by Rudd as the "centre piece" of the new package, will be more than doubled from \$500 million to \$1.3 billion over ten years and its commencement date brought forward to early next year.

Announcing the package on November 3 in Melbourne, Rudd sought to ward off the obvious charge that the government was again using taxpayers' money to bolster corporate entities that for years had pocketed hundreds of millions of dollars in federal and state government subsidies, while slashing jobs and workers' conditions. He declared: "I don't believe that industry policy is about saving the automotive industry—it's about helping transform the industry to meet the challenges of the future."

Rudd went on: "Consider the numbers again—they command respect. More than 60,000 people employed directly in this industry. Altogether 200,000 Australians employed directly and indirectly in this industry. Some \$8 billion worth of Gross Domestic Product, \$5.6 billion worth of exports, our largest manufacturing export and among our top 10 exports period and some 3,000-plus researchers working in the field."

Why the gushing praise? To justify the new handout to the car companies by presenting them as highly

desirable and important corporate citizens, whose entrepreneurial endeavours have contributed to the general well-being of society.

The truth is that for decades the car producers have raked in profits at the direct expense of auto workers' jobs and conditions. At the same time, they have played a key role in driving the shedding of thousands more jobs at car component plants and associated industries by constantly pushing for price reductions.

Far from creating new employment, a mechanism is being fashioned to enforce a new round of restructuring in the car component sector. A "structural adjustment program" will make \$116 million available to "promote strategic consolidation to achieve scale economies and productivity improvements". Put more plainly, the money will be used to fund mergers and takeovers ("strategic consolidation"), assist massive job-shedding ("scale economies") and impose speed ups ("productivity improvements").

According to Rudd: "The fund will also provide for labour market adjustment where, if appropriate, fair and reasonable assistance will be made available to employees made redundant through automotive restructuring." Again, put into plain English, component and parts companies will get funding to meet, either in part or in full, severance payments and other entitlements to ensure workers can be pushed out the door with the minimum amount of fuss.

Industry Minister Kim Carr indicated the content of this agenda when he told ABC2's News Breakfast program that while the government wanted to keep the industry viable: "We don't guarantee that there will be no more job losses or individual companies falling over."

Rudd claimed that funding through the Automotive Transformation Scheme and Green Car Innovation

Fund was "not a blank cheque" and would require "capital investment and commitment by the car companies". On this basis, he declared investment would reach \$16 billion by 2020.

In reality, the fund will be a cash cow. Toyota, for example, was granted \$35 million in June to assist the production of a new hybrid car at its Altona plant, even though the company had already planned to build the car before the subsidy was announced. Rudd's claim that green car projects will provide thousands of jobs in the future is so much hyperbole. Toyota plans to build just 10,000 of the new vehicles each year.

Carr told the media this week that the "government is assuming the parent companies of local car makers will ride out the current financial storm". However, he admitted: "No-one is immune; this is a global economic crisis."

Carr's reference to the US giants GM and Ford is a mind-boggling understatement. Both companies—hit by the global credit crisis, plunging sales and increasing competition—are teetering on the edge of bankruptcy and, along with Chrysler, are seeking a multi-billion dollar bailout from the US government.

In 2000 the combined stock market value of GM and Ford was more than \$US130 billion. Now it is nearer \$10 billion. Just last week, GM announced it would run out of cash in the first half of next year. Under such conditions, while the US companies will no doubt grab whatever dollars are offered them, it is highly unlikely that either will be racing to massively invest in their Australian operations.

All three US companies have announced plans to slash production and close plants in North America at the cost of thousands of jobs. There are already signs that any US government assistance will be tied to further drastic restructuring of the companies' operations both in the US and internationally, along with substantial concessions from the unions on pay, working conditions and benefits.

During his launch speech, Rudd made specific reference to the auto industry plan instigated by former industry minister John Button for the Hawke-Keating government as part of its economic deregulation program between 1983 and 1996. The present prime minister claimed the plan had laid "the policy foundation for the industry to survive and prosper".

In reality, the Button plan was designed to open up

the highly-protected Australian auto industry to global competition to enforce restructuring and "consolidation," which included the rapid reduction of the number of car models produced in Australia from 13 to 8. "Consolidation" facilitated massive job shedding, the continuous erosion of working conditions and a raft of plant closures.

Along with the auto companies, the unions have heralded the Rudd government's package. Australian Manufacturing Workers Union national secretary Dave Oliver declared it "would safeguard thousands of jobs" and "deliver many of the measures that unions have been calling for". His claims echo those of every other union bureaucrat who has greeted a government "industry assistance" package.

Over the past five years alone, despite millions of dollars in handouts, Holden, Ford and Mitsubishi—which has now closed down all production in Australia—have eliminated around 8,000 jobs, with hundreds more due to go in coming months. This has been achieved with the cooperation of the car unions, which have refused to defend jobs, pushed workers to take voluntary redundancies and organised so-called "orderly plant closures".

At the same time, union-brokered enterprise agreements have been used to cut working conditions and deliver other productivity trade-offs to the auto companies. Oliver's statement amounts to a pledge that the unions will continue down the same path.

The future for car workers does not lie with supporting the bailout of the car giants—in any country—or their union collaborators, but in uniting with their co-workers throughout the world on the basis of a common socialist perspective: the reorganisation of the auto industry, and economic and social life as a whole, in the interests of working people, not the profits of the wealthy few.



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