

General Motors cashes in on Australian car industry fund

Terry Cook
7 January 2009

The Labor government announced late last month that it would give General Motors Holden \$149 million from its \$1.3 billion "Green Car Innovation Fund" to retool the company's Elizabeth plant in Adelaide to build a four-cylinder car from the third quarter of 2010. The South Australian state government said it would grant a further \$30 million over four years.

Workers and their families were brought in to provide an audience for the stage-managed announcement featuring Prime Minister Kevin Rudd and Holden boss Mark Reuss. Rudd gushed: "We are here to celebrate the future of this great city, we are here to celebrate the future of this great industry and we are here to celebrate the future of this great Australian name, Holden."

Under conditions of a deepening global financial and economic crisis, talk of a "great future" for the car industry is a cruel deception of car workers.

Like their fellow auto workers around the world, workers at Elizabeth have lived under the constant threat of losing their jobs. They have been forced to accept short working weeks and extended closedowns as the company pares back production in the face of plummeting sales.

In November, new motor vehicle sales in Australia fell for the fifth consecutive month to their lowest level in more than five-and-a-half years. The monthly figure was down by 5.2 percent seasonally adjusted. One media report revealed there are up to 100,000 new vehicles in storage across the country.

In the US, General Motors is currently the subject of

a government bailout that is predicated on slashing jobs and working conditions. Despite the billions being pumped into the US giant, it continues to teeter on the edge of collapse.

Within weeks of being launched, the Rudd government's \$6.2 billion assistance package for the car industry, which includes the "green car" fund, has been outstripped already by the worsening global situation. Last month, within days of Toyota saying it intended to maintain its Australian workforce, the company foreshadowed its first operating loss in 70 years—a loss of 150 billion yen for the year ending in March.

The handout to Holden came just weeks after Ford Australia extracted \$13 million in federal government assistance by threatening to close production at its engine plant in Geelong, Victoria and axe 300 jobs.

Despite Rudd's grandiose claims, the government's assistance package will not create jobs nor guarantee long-term employment. The companies will pocket the handouts and continue to restructure for leaner operations in the dog-eat-dog fight for global survival.

The government said that Holden's decision to proceed with the four-cylinder car would support "up to 1,200 jobs immediately" and "reinforce the long-term sustainability of manufacturing in Australia". While the development may allow for the retention of 600 jobs, none of the hundreds of jobs axed by the company over the past two years will be replaced. These include 600 at the Elizabeth plant in March 2007 and 200 at the Fisherman's Bend plant in Melbourne at the end of 2006.

The company announced last year that it would cease production at its 27-year-old four-cylinder Family II engine plant at Fisherman's Bend at the end of 2009 at the cost of another 513 jobs. The Elizabeth announcement is not a reprieve for Fisherman's Bend because the new model will be fitted with imported engines.

The other 600 jobs that Labor claims will be "saved" are in associated industries such as component suppliers. Yet, part of the industry package is a \$116 million "structural adjustment program" for the component sector, specifically designed to fund mergers to cut jobs and boost productivity.

The Rudd government has claimed that its industry handouts are not a "bail out" but are driven by environmental considerations that would "transform the industry to meet the challenges of the future".

In reality, Holden's new car will be more polluting than many other four-cylinder cars currently on the road. The *Sydney Morning Herald* reported that the car would burn 8.8 litres of fuel for every 100 kilometres travelled and emit 208 grams of carbon dioxide per kilometre, as compared to "a dozen other small imported petrol-powered vehicles already on the road that achieve fuel efficiency of between 5 and 6.5 litres for every 100 kilometres".

Holden has not provided a timeframe for the beginning of a "second phase" to introduce hybrid engines and alternative fuel engines using LPG and compressed natural gas. A spokesman said only that the company was "exploring" the possibility of using the same production line.

The green car fund is proving to be nothing more than a cash cow for the auto companies. Last June, Labor handed Toyota \$35 million to subsidise a new hybrid car at its Altona plant even though the company had already planned to build the car.

Like other governments internationally, the Rudd government is engaged in a thinly veiled protectionist bid to prop up the local industry at the expense of rival plants elsewhere. Not surprisingly, its Holden handout

was applauded by the same trade unions that have for decades presided over the slashing of jobs and conditions, telling workers to make concessions to help make Australian-based companies "internationally competitive".

Australian Manufacturing Workers Union vehicle division secretary Ian Jones declared the grant would "energise Holden's Adelaide workforce". South Australia Premier Mike Rann acknowledged the unions' long record of collaborating with General Motors, saying they had "demonstrated their commitment to the company and their flexibility in difficult times".

The unions' nationalist perspective has allowed car workers to be played off against each other both nationally and internationally in a downward spiral of working conditions, while the auto companies have boosted profits and executive remuneration packages.

The unions are also silent on the fact that the millions of dollars being handed out to the tottering car giants will inevitably be paid for through deep cuts to social services, health and education, and the destruction of public sector jobs. Just one day after Rudd made the Holden announcement, he and Finance Minister Lindsay Tanner resurrected the government's budget razor gang, with instructions to find millions of dollars worth of savings.



To contact the WSWWS and the
Socialist Equality Party visit:

wsws.org/contact