

# Behind Ford's latest mass layoffs in Australia

**Will Marshall**  
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Ford Australia's recent decision to slash production by 20 percent and lay off another 240 workers—13 percent of its total manufacturing workforce—is the latest in a protracted series of attacks on car workers' jobs and conditions that is being directly orchestrated by the Labor government. Behind the backs of the workforce, Prime Minister Julia Gillard and her senior ministers are collaborating with the car companies and trade unions to restructure the entire industry with the aim of boosting profits and "international competitiveness."

Gillard issued a perfunctory statement last month, declaring: "Ford has confirmed people will get their full entitlements and the government does provide employment services to help people through and get them to a new job opportunity." Labor's minister for industry, Kim Carr, added, on April 14: "We will continue to work closely with Ford, its workers and their unions to move quickly through this period of adjustment as we have with other companies in the automotive industry."

Carr's remarks point to the government's intimate involvement in the operations of the three car manufacturers in Australia—Ford, General Motors Holden, and Toyota. All have imposed major job cuts and production slowdowns in recent years. Toyota last month announced that it was cutting output, imposing half shifts and reducing workers' wages by 25 percent for at least the next two months.

Since coming to office in 2007, Labor has worked to refashion the car industry. This process, accelerated after the eruption of the global economic crisis in 2008, centrally involves further integrating the manufacturing process in Australia into the global car market, while at the same time attempting to fashion niche export markets. Bound up with this agenda is the destruction of jobs and never-ending attacks on workers' wages and conditions. The benchmark is no longer restricted to impoverished low-wage platforms, such as China, Mexico, and Thailand, but now includes the world's most advanced capitalist economy, the US, where the corporate giants and the United Auto Workers union have slashed starting wages to just \$14 an hour.

In Australia, the Automotive Competitiveness and Investment Scheme has funnelled \$500 million of public funds every year to the car producers since 2001. It is due to expire in 2015, after costing approximately \$7 billion. The Labor government has established the new Automotive Transformation Scheme, to run until 2020 at the cost of another \$3.4 billion.

The new scheme was based on a study commissioned by the government in 2008. Conducted by former Victorian state Premier Steve Bracks, the "Review of Australia's Automotive Industry", or Bracks Review, outlined Labor's perspective for what was described as a "restructure of the Australian supply chain."

The review concluded that "the key issue for the industry is not so much that closures are occurring and will continue to occur, but that 'unplanned' exits need to be addressed."

In other words, the purpose of the billions of dollars in subsidies provided to the car corporations is not, as the government frequently claims, to "protect jobs" but rather to facilitate their destruction through a "planned" strategy.

The Bracks Review openly acknowledged the function of the trade unions as the industrial police, directly working with the government and corporate management. The review recommended an "ongoing dialogue" between the unions, the government, and the auto companies to ensure an "orderly transition to a more competitive and sustainable future for the industry." It endorsed a submission from the South Australian Labor government that "ensuring orderly workforce reductions while simultaneously maintaining the confidence of its current and potential future workforce is critical for company CEOs and union leaders alike."

In a joint submission to the Bracks Review, the Australian Manufacturing Workers Union (AMWU), National Union of Workers, Australian Workers Union and Federation of Vehicle Industry Unions supported this proposition, stressing the importance of the auto companies giving them advanced notice of "closure/rationalisation/merger arrangements" in order to "ensure an orderly and managed process."

These repeated references to "orderly transitions", "orderly workforce reductions" and "managed processes" point to the acute nervousness of the government, companies and unions. Their strategy depends above all on preventing the emergence of any resistance from car workers. The eruption of any "wildcat" strikes, factory occupations, or other forms of independent industrial action in defence of jobs, wages, and conditions would immediately threaten the viability of the entire restructuring process—and pose a direct challenge to the Labor government itself.

The trade unions have played the central role in suppressing and sabotaging all resistance among car workers. Bureaucrats from the AMWU and Electrical Trades Union (ETU) are given prior notice of every round of layoffs—including the latest one at Ford—and then keep the information secret from the workers, allowing the companies to finalise arrangements.

Fairfax Press economic commentator Malcolm Maiden noted on April 15: “The fact that Ford’s unions sat on the news after being told last week shows they believe this is a necessary investment in Ford’s future.”

This comment underscores the extent to which the unions’ material interests have become tied to the car companies’ profit rates—and entirely divorced from the conditions of the workers. The unions are in fact bitterly hostile to their “members”, reflecting the reality that these apparatuses are no longer workers’ organisations in any sense of the term.

In the car industry, the unions have been directly integrated into the restructuring process through the Automotive Industry Innovation Council, established by the government in 2008. Bureaucrats serve alongside Labor ministers and GM, Ford and Toyota executives, and are tasked with providing direction for the industry, including maintaining “competitiveness.”

The unions have backed the government’s Automotive Industry Structural Adjustment Program, a \$116.3 million package also recommended in the Bracks Review. The program is to “facilitate labour market adjustment” for the workers who are to be laid off in the next period.

So-called “retraining programs” are bogus diversions. Since the 2008 global financial crisis, an estimated 100,000 manufacturing jobs have been lost in Australia. In the northern Melbourne suburb of Broadmeadows, where the main Ford plant is located, the official unemployment rate is 15.9 percent. This is the outcome of the conscious offensive that is being waged by the Labor government and the trade unions against the jobs and conditions of industrial workers.

The situation in the car industry is set to worsen further. Former Victorian Premier Jeff Kennett told the *Herald Sun* last month that he believed at least one of the three car manufacturers in Australia would soon shut down. “The reality is Australia can no longer support three car manufacturers,” he declared. “One will close.”

This would likely result in the destruction of tens of thousands of jobs. According to one estimate, every job in the automotive industry supports 6.5 others in the supply and consumer industries.

The latest restructuring marks another stage in the government-union-company corporatist collaboration that was first developed under the Hawke-Keating Labor government. Through the “Button Plan,” announced in 1984, thousands of jobs were shed as companies, including Mercedes Benz, Volvo and Nissan, shut

down production in Australia. Tariffs were progressively lowered—from 57.5 percent in 1985 to 5 percent today—as part of the drive to integrate the Australian car industry into the world market.

Imports now comprise more than 80 percent of total domestic car sales, up from less than 10 percent in the 1980s. In 1997, only 16 percent of locally produced cars were exported—whereas ten years later 42 percent were made for the international market. The Bracks Review recommended that manufacturers turn to low fuel consumption products such as hybrids, LPG and clean diesel operated cars and trucks to boost sales in the Middle East and other niche markets.

This transformation in the structure of the industry underscores the need for an international strategy, uniting car workers around the world in the defence of jobs, wages, and conditions. Those calling for the reimposition of high tariffs as a means of defending jobs and conditions are promoting a reactionary utopia. Any tariff increases in Australia would immediately provoke retaliatory action—threatening export sales and making globally sourced component parts much more expensive.

Car workers can only begin to defend their jobs and wages in an open struggle against the government-union-company operation that is being mounted against them. This fight cannot be organised through the trade unions, which are working hand in glove with the Labor government and corporate management. Workers must build new independent organisations, including rank and file factory committees, and turn to other sections of the working class facing similar attacks, in the first instance those in the car industry in Australia and internationally. Above all, what is needed is the creation of a new party of the working class that is based on an internationalist and socialist perspective.



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