

# Car companies threaten 55,000 jobs in Australia

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The heads of Ford and Toyota in Australia have joined General Motors Holden (GMH) executives in threatening to shut down manufacturing operations in Australia if there is any reduction in the financial subsidies from federal and state governments.

Toyota's chief operating officer David Butter told the *Australian* yesterday: "There's a whole host of countries around the world vying for Toyota's investment". The level of state assistance, he said, was the primary consideration in where the company made "heavy capital investments which are long-term in nature". Ford CEO, Bob Graziano, bluntly stated that without assistance, "it would be difficult to see the industry surviving".

These remarks follow the declaration by former Ford head Jacques Nasser on April 11 that the winding down of Australian operations by even one of the three remaining producers would make the closure of the entire car and car parts industry "inevitable", leading to the loss of 55,000 jobs directly and as many as 200,000 indirectly. This is no idle threat—the three remaining car producers will not hesitate to mothball their operations in Australia, as several other major companies have done in the last three decades, if they assess that production is no longer sufficiently profitable.

Nasser's comments followed the announcement by GMH that it was scaling back production at its plant in Elizabeth, northern Adelaide, and sacking 400 more workers there by August, as well as 100 design and engineering staff in Melbourne. Since 2007, GMH has nearly halved its Australian workforce. The Elizabeth plant is now producing just 335 cars a day—a tiny output by global standards—and GM management has categorically refused to give any guarantees it will not be closed.

Graham Spurling, the former head of Mitsubishi's

operations in Australia, which were shut down in 2008, told the *Australian* earlier this month: "For anybody to think... they're (GMH) going to stay here until 2022, as they say in that classic movie, 'you're dreaming love'. I also think Ford is on the cusp of shutting up shop as well."

The car companies are demanding guarantees of ongoing or even increased assistance from the Labor government and Liberal-National opposition in advance of the September 14 federal election.

A section of the financial elite has long demanded an end to subsidies to the car industry, regarding the payments as a waste of public funds that could be funnelled to more profitable sections of corporate Australia. The Labor government, however, represents a rival wing of the ruling elite, which considers the maintenance of a car industry as crucial to Australian capitalism's manufacturing capacity, including for potential military-related production.

The opposition is split on the issue, with the Liberal Party's "free market" proponents wanting an end to all assistance but other parliamentarians urging a continuation of Labor's policies. Liberal leader Tony Abbott has pledged to cut a portion of the subsidies, \$500 million. The car companies regard even this relatively small cutback as intolerable, with public subsidies being almost exactly equivalent to their total profits generated in recent years.

The Labor government had pledged more than \$3 billion in assistance to the car companies between January 1, 2011 and the end of 2020 through the "Automotive Transformation Scheme". GMH, which has received over \$2.2 billion in assistance over the past decade, will also receive a \$215 million "co-investment grant", while Ford will get \$34 million. The state governments in Victoria and South Australia,

where car production is centred, have also committed millions of dollars.

None of Labor's hand-outs has anything to do with protecting the jobs and conditions of workers in the auto plants or related industries. In fact, the opposite is the case. The financial injections by the Labor government are predicated on further restructuring and cost cutting, in order to maintain "international competitiveness". Close to 2,000 jobs have been eliminated in the past 12 months alone.

The rising Australian dollar has badly affected the car companies' exports and local sales, heightening their restructuring and cost-cutting measures. The car companies consciously pit workers against one another globally, insisting that the cutbacks imposed in one part of the world mean workers elsewhere must match the new benchmarks to maintain "competiveness". The slashing of auto sector wages by as much as 50 percent in the United States since 2008 has triggered an accelerated race to the bottom internationally.

The trade unions in every country function as the crucial instruments for the assault on jobs, wages, and conditions. In Australia, union bureaucrats participate in industry "tripartite" bodies alongside government officials and corporate executives, helping decide on the next round of layoffs and shut downs, behind the backs of the workers. For decades, the unions have worked to impose one round of sackings, plant closures, and productivity speedups after the other, sabotaging any resistance among the workers.

At the Elizabeth plant in Adelaide, the Australian Manufacturing Workers Union (AMWU) is now assisting GMH convince workers to accept so-called "voluntary redundancy" and prevent any opposition breaking out to the latest round of job cuts. Unemployment in northern Adelaide is close to 10 percent and workers are reportedly reluctant to leave.

The unions are again attempting to channel the concerns of workers into demands for tariffs and other protectionist measures on imported vehicles. This is a futile and reactionary diversion. The reality is that the Australian assembly lines, like plants internationally, are tailored to the production of a small number of specific models and utilise components sourced from sites around the world. After decades in which every aspect of production has been thoroughly globalised and integrated, there is no such thing as a "national"

car industry that can be shielded behind tariff walls.

The unions' rhetoric against "foreign" imports is aimed at disorientating workers and preventing the emergence of a unified struggle with workers in other countries who are employed by the same global corporations and face the same onslaught. Just last week, General Motors finalised its plans to close the Opel plant in Bochum, Germany, at the cost of over 4,000 jobs directly and thousands more in related industries. GM workers in Canada face attacks on their conditions. Car and car component plants are being shut down or facing massive restructuring and job losses in every advanced capitalist country.

The threat by the car corporations, with the complicity of the Labor government and the unions, to carry out devastating closures must be answered. The only basis on which the working class can defend its interests is by organising on the principle that it is not responsible for the global crisis of the capitalist system, and should not pay to protect the profits of the tiny financial and corporate elite. Major industries, including the auto sector, must be placed under public ownership and the democratic control of the working class, as part of an internationally planned socialist economy. This requires a struggle for a workers' government committed to socialist policies.



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