

Ford Australia announces shut down of car production

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Ford Motor Company's Australian subsidiary announced yesterday it is shutting down all manufacturing operations by 2016. The closures will mean sacking about 1,200 workers at Ford's two plants at Broadmeadows and Geelong in Victoria. These two working-class areas, already afflicted by widespread unemployment, will be devastated.

Thousands more jobs will be destroyed in the auto components sector as a consequence. Moreover, it is doubtful that the two remaining car manufacturers in Australia, Toyota and General Motors Holden, will maintain their operations for much longer. Former Ford president Jac Nasser last month warned that an exit by any one of the three would trigger a "domino effect," potentially wiping out the entire industry and eliminating up to 60,000 jobs.

Ford's closure exposes the lie—long promoted by the car companies, the Labor government and the trade unions—that workers' jobs would be secured if they accepted never ending job cuts, stagnating wages and productivity speedups. The shutdown is another expression of the destructive race to the bottom within the global car industry under the profit system. Workers in every country are told they must compete against one another, working harder for lower wages, in order to ensure "international competitiveness."

Ford Australia president and CEO Bob Graziano yesterday said the company had lost \$600 million over the past five years. "Our costs are double that of Europe and nearly four times [of] Ford in Asia," he declared.

The shut down has come as no surprise to industry analysts. Ford has adopted a "One Ford" production strategy, based on producing global vehicle models in a relatively small number of facilities. This has allowed the company to restructure both its supply chain and

production operations, slashing costs and eliminating jobs.

Ford Australia was assigned no role within this global strategy. It continued to make the Falcon model that was produced only for the small domestic market in Australia. Sales plummeted in the past decade as high petrol costs saw people favour smaller and more fuel efficient vehicles. The high Australian dollar also drove down the price of cars imported from Japan and low-wage platforms in Asia, such as Thailand.

Prime Minister Julia Gillard's Labor government and the trade unions responded to Ford's announcement like actors in a well-rehearsed play. Gillard and her ministers, who had received advanced notice of Ford's decision, feigned sympathy for the plight of the workers. Together with the Victorian state Liberal government, the Labor government announced a \$39 million "structural adjustment program" to "support the economic development and diversification of the Geelong and northern Melbourne regions."

This pittance will do nothing to create jobs or address the severe social crisis in these working class areas.

The unions covering the car industry, led by the Australian Manufacturing Workers Union, declared they would enter talks with Ford to ensure that redundancy entitlements were paid in full. Stoking fears over redundancy payouts is a well-worn tactic, used to smother any threat of workers attempting to defend their jobs and oppose plant shutdowns. Within the auto sector, union bureaucrats serve alongside government officials and corporate executives on "tripartite" industry bodies. They have played a key role over the past three decades in enforcing every round of sackings, productivity speedups and production shutdowns.

Ford's Graziano appealed for an "orderly closure"

and “orderly transition,” explaining that this concern had prompted the decision to provide three years’ notice of the end of production.

There is widespread mistrust and resentment among Ford workers toward the unions. One worker told the *World Socialist Web Site*: “As for the union reps, they haven’t worked a hard day in their lives. The union has not done half enough. Any of them can be bought if the price is right. Why have a union? They are not looking out for the workers. Who knows what goes on behind closed doors at Ford—they’re all cutting deals.”

The Ford worker spoke about the social impact of the job cuts. “I’m single—if I had a family with kids and a family house, I wouldn’t be able to manage,” he explained. “We get \$26.50 an hour. Outside, people are on \$18 an hour. They can’t manage. It is nothing to live on. Electricity prices go up. Petrol prices go up. You can’t win... All these companies are not paying tax—they are getting away with murder.”

Graziano said that before Ford made the shutdown decision, “We also modelled some pretty aggressive assumptions about government support and labour costs, some of which we did not think would be palatable to any government or the Australian taxpayer.”

Ford Australia has received more than \$1 billion in public subsidies in the past decade, none of which will be paid back. Graziano concluded that neither additional subsidies nor an “aggressive” examination of “labour costs”—a euphemism for slashing wages—would have restored profitability. Nevertheless, the corporate elite and its media mouthpieces responded to Ford’s closure by stepping up demands for lower wages throughout the entire manufacturing sector.

The international car industry has undergone a sweeping restructuring since the eruption of the global financial crisis. Australian auto workers have never been especially well paid, compared to their counterparts in countries such as the US and Germany. However, the Obama administration established new competitive benchmarks by working with the American car giants to slash wages for new recruits by 50 percent.

An editorial in today’s *Australian* complained: “The US car industry responded to the economic shock of 2008-09 by reshaping its operations on more efficient lines, adjusting salaries and benefits and improving logistics. The Australian car industry has not been as

quick in adapting to these global pressures.” It added that throughout manufacturing there were problems with “the signing of wage deals that lock in high salaries without being linked to productivity improvements.”

The threatened Ford closure marks a stepped up assault by the ruling class against the wages and conditions of the entire working class.

A defence of Ford workers’ jobs must be the starting point for a wider counter-offensive by working people. This requires a new political perspective, based on a socialist and internationalist program. Workers must reject the bogus demands raised by the unions and sections of the Labor Party for additional public subsidies for the car companies or for new tariffs on imported vehicles. These are futile and reactionary diversions, aimed at disorientating workers, promoting nationalism and blocking the required internationally unified struggle of car workers, in Australia, Asia, Europe and North America, in a common fight against their joint enemies—the car companies, and their trade union and government accomplices.

The working class is not responsible for the global crisis of the capitalist system, and must not be made to pay for the restructuring demanded by the financial aristocracy. 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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