

# General Motors demands wage cuts from Australian workforce

James Cogan  
19 June 2013

General Motors Holden (GMH) yesterday demanded that its Australian workforce accept further job losses, major wage cuts and productivity speed-ups by the end of August. Managing director Mike Devereux stated that unless workers agreed, GM would join Ford and cease car production in Australia. Last month Ford announced the closure of its assembly plants in Melbourne and Geelong in 2016, eliminating 1,200 jobs.

The destruction of jobs and conditions throughout the car and car components industry is being directly assisted by the Gillard Labor government, the state governments in Victoria and South Australia and the trade unions. All stand united in insisting that workers and entire communities accept the demand that any car manufacturing in Australia has to be “internationally competitive” and profitable for the transnational auto companies. The federal and state governments provide the companies with hundreds of millions of dollars in subsidies, while the unions serve as the industrial police inside the plants enforcing corporate dictates.

Holden’s announcement followed a June 7 meeting between Prime Minister Julia Gillard, Industry Minister Greg Combet, representatives of the Victorian and South Australian governments, union officials and executives of GMH, Ford and Toyota—the remaining car producers in Australia. The unions pledged to deliver whatever cost-cutting the companies required. “We’re all on the same page,” Australian Council of Trade Unions (ACTU) secretary Dave Oliver told reporters following the talks.

GMH is already in the process of eliminating 400 jobs from its assembly plant in Elizabeth, Adelaide and 100 from its engine plant in Port Melbourne through union-organised redundancies. In 2009, the unions assisted GMH in pressuring workers to accept a one-

week on, one-week off schedule—effectively halving their incomes—and then the axing of an entire shift.

Holden’s ultimatum yesterday marks a new stage. It signals a dramatic intensification of the corporate assault underway on the conditions of the working class. While thousands of jobs have been destroyed in manufacturing and other industries since the 2008 global financial crisis, employers are now demanding outright pay cuts.

Holden claimed yesterday that it costs \$3,750 more to produce a car in Australia than elsewhere and that “pure labour costs” accounted for \$2,000. While not confirmed, media reports indicate that Holden is “asking” its production workers to accept pay cuts of up to \$200 per week—or close to a 20 percent reduction.

Meat processor Teys Australia, part of the US-based global conglomerate Cargill, has demanded a similar pay cut from the 700 workers at its plant in Beenleigh, south of Brisbane and threatened shut down production if it is not agreed. These new benchmarks are not confined to cars and meat. It will not be long before hundreds of thousands of workers confront demands for unprecedented wage reductions.

Australian Manufacturing Workers Union vehicle division secretary David Smith signalled the willingness of the unions to collaborate with GM in imposing cost-cutting measures on workers. He told the media yesterday: “If a proposal is presented, of course workers will be flexible and will help the company. But there is a limit to how much you can ask. Wages alone are not the answer. A pay cut only has a benefit for certain period of time, then people become restless.”

GMH head Devereux made clear, however, that far from there being “limits,” Holden workers will face more demands. “We are more expensive than Germany, the UK and Spain—let alone Asia,” he

declared. The corporate pursuit of “international competitiveness” is a race without a finishing line. Like all the auto industry transnationals, GM is restructuring its operations on a global scale, constantly pitting its workers against one another as it imposes closures and cutbacks.

In the US, the Obama administration and the United Auto Workers union assisted GM to slash the wages of new hires to below \$15 per hour. Across the American auto industry, the unions have helped companies cut wages, overtime rates, health benefits and pension plans so much that labour costs have fallen by 27 percent, just in the past six years. In Germany, GM is shutting down the Bochum plant of its subsidiary Opel and restructuring conditions in other plants. GM workers in northern Spain have been pressured into accepting a two-year wage freeze.

In May, GM opened up a new plant in Bekasi, Indonesia, lauding the local wage rates of just \$7.50 per hour. Ford, after announcing its closure in Australia, is now deciding whether to open a new production site in Thailand or Indonesia, depending on where wages and costs will be lower.

The working class can only meet the global corporate offensive with an international and socialist strategy. Workers cannot accept the ultimatum of poverty wages, or mass unemployment. A unified struggle should be mounted at GMH plants in Elizabeth and Port Melbourne, at Ford, Toyota and the car components factories, where restructuring and job cuts are also being imposed, against the corporate-government-union assault.

The first step is for workers to break out of the industrial and political straitjacket imposed by the trade unions. The Socialist Equality Party calls on car workers to establish rank-and-file committees, reject the ultimatums of the companies and turn for support from car workers in other countries and other sections of the working class in Australia confronting similar attacks. The agenda of corporate restructuring and austerity, being enforced by the Gillard Labor government and the entire official establishment, must be met by an independent political movement of the working class, fighting for the establishment of a workers’ government to implement socialist policies. We urge car workers to contact the Socialist Equality Party to discuss this perspective.



To contact the WSWS and the Socialist Equality Party visit:

**[wsws.org/contact](http://wsws.org/contact)**