GM Holden's wage-cutting deal and the Labor government's "productivity" agenda

Patrick O'Connor—SEP Senate candidate for Victoria
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The new industrial agreement covering 1,700 car workers at the General Motors Holden plant in Elizabeth, South Australia, rammed through this week by company executives and Australian Manufacturing Workers Union (AMWU) bureaucrats, sets a new benchmark for the corporate assault on workers' wages and conditions. It serves as a stark warning for the entire working class of what is meant by the Labor government's "new national competitiveness agenda."

Within days of returning to office, on July 11, Prime Minister Kevin Rudd made a major speech to the National Press Club promising a new "clear-cut policy direction that puts productivity first, driven by a new sense of partnership between government, business and unions." This was necessary, he declared, as part of the "transition" necessitated by the end of the China-driven mining investment boom.

Rudd claimed that ratcheting up national productivity growth by 40 percent would deliver prosperity for all Australians. The Holden agreement has exposed this fraud. The Labor government and the trade unions are working with corporate Australia to use rising unemployment as a weapon against the entire working class, to slash wages across the economy and tear up workplace entitlements and protections.

This class-war agenda is set to rapidly intensify after the September 7 election, regardless of which of the major parties forms government.

Holden chairman Mike Devereux yesterday announced that the company's workforce had voted in favour of the new agreement. The "choice" offered to the workers was no choice at all. Holden had threatened that if the deal was rejected it would shut down its two plants in Elizabeth and Melbourne by 2016, immediately throwing nearly 3,000 people out of work, and triggering thousands more job losses in the car components sector. This campaign of blackmail and intimidation was jointly organised by the company and the trade unions. The General Motors ultimatum followed Ford Australia's announcement earlier this year that it is ending production within three years.

Voting figures were not released, but the Murdoch press reported that a significant minority, 30 percent, rejected the agreement, reflecting anger and bitterness among car workers over what is happening. The agreement includes a three-year wage freeze—in effect a cut in real wages—and a raft of workplace concessions to boost productivity by ensuring greater management control of annual leave, overtime, shifts and the use of casual labour.

Speaking on behalf of the Labor government, Industry Minister Kim Carr hailed the new conditions, declaring that the agreement marked "an example of companies, workers and unions working together to make our auto industry stronger."

The new deal has been imposed as part of a ruthless restructuring of the global auto industry. In the US, the 2009 bankruptcies of General Motors and Chrysler triggered an industry-wide wage slashing drive, with the Obama administration and the United Auto Workers union imposing new wage rates for new hires of just $15 an hour. The major car companies are conducting a similar offensive across Europe, shutting plants where workers are accused of demanding "excessive" wages. In the global competition for corporate investment, the benchmarks for labour costs and safety, environmental and other regulations have been set in Asia, Latin America and Eastern Europe.

In Australia, the Holden agreement has established a new model that the corporate elite aims to emulate, not just within the manufacturing industries but across the economy.

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In recent days, numerous business figures, economists and media commentators have anticipated a sweeping wage-cutting drive against the working class. The *Australian Financial Review* today featured an article, which declared: “Employees are so anxious to keep their jobs, they’re offering reduced conditions... Welcome to the prospect of a pay cut, where a raft of forces bear down on wage rates and the hope is not so much for a pay rise but for a preservation of historical entitlements. This is new terrain for most Australians.”

The trade unions are playing the critical role within this “new terrain.” The AMWU drafted the Holden agreement, after the union bureaucracy concluded that the company’s initial proposal of an across the board $200 a week wage cut would trigger determined opposition among the workers, potentially involving wildcat industrial action.

Australian Council of Trade Unions president Ged Kearney last week hailed the Holden deal, declaring that she was “incredibly proud” of the AMWU for its role. “We’ve done it before,” she explained. “Back in the 1980s, unions negotiated, sacrificed a lot, we sacrificed a 3 percent pay rise to implement superannuation. We took a lot of pain to actually get the industry reforms that were needed back then.”

Kearney’s pride in the unions’ record under the Hawke and Keating Labor governments of 1983 to 1996 in imposing “sacrifice” and “pain” on the working class underscores the role of the unions in the current economic crisis. The union bureaucrats will stop at nothing to demonstrate their value as industrial police for the corporate elite, now delivering not only “orderly closures” of factories and workplaces but “orderly wage cuts” across the country.

The Labor government has suggested that the September 7 federal election will mark a “referendum” on the future of the car industry, promoting its promise of additional subsidies to the transnational corporate giants. In reality, there are no significant policy differences between the Labor and Liberal parties. Each is preparing to advance the anti-working class agenda dictated by big business and finance capital.

Rudd’s economic “transition” is a transition to a new period marked by never-ending rounds of wage cutting, workplace speedups and concessions on working conditions, together with US- and European-style austerity cuts to healthcare, education, welfare entitlements and other basic social services.

The only alternative for the working class is to wage a political and industrial struggle in defence of its independent class interests. The first step for Holden, Ford and other car workers is to form rank-and-file committees, independently of—and in opposition to—the trade unions, aimed at uniting all 60,000 workers in the car and auto-components sector and other sections of the working class confronting similar attacks. This includes steel workers, airline employees, those in the telecommunications sector, mining and construction workers, and those in the public sector. The defence of jobs, wages, and conditions requires a political fight against the Labor government and its draconian industrial laws that ban any struggle by the working class.

Above all, workers require a new political party, based on a socialist and internationalist perspective, to fight for a workers’ government to reorganise society to meet the social needs of the majority, not the profits of the wealthy few. This includes placing the banks and major corporations, such as the auto giants, under social ownership and the democratic control of the working class. We urge all working people to actively support our election campaign and to join and build the SEP as the revolutionary party of the working class.

Authorised by Nick Beams, 113/55 Flemington Rd, North Melbourne VIC 3051

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