

Australia: Threat to shut GMH car plants grows

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In response to a threat by General Motors Holden to shut down production by 2016 unless additional subsidies are provided, powerful sections of the financial elite are demanding that the recently elected Liberal-National government reject the ultimatum. For these layers, the company can either boost profits by further gutting the wages and condition of its workforce, or simply cease operations.

Following the announced closure of Ford Australia's two production plants, an end to GM's Holden subsidiary would likely trigger the shutdown of the only other car producer in the country, Toyota, and the bankruptcy of every local car component company. The end of the Australian car industry would result in up to 60,000 jobs destroyed and incalculable devastation wrought across working class communities.

Industry minister Ian Macfarlane last week visited Holden's production plant in Elizabeth, South Australia, and this week has toured Toyota and Ford's facilities in Melbourne, Victoria. When he spoke to the media in Elizabeth, Macfarlane declared that GM would have to be "patient" with the recently elected Liberal-National government, adding that he had "empty pockets" regarding significant additional subsidies to prop up an industry he declared was "on the brink of closing." Yesterday, however, he struck a somewhat different note, declaring his intention to "do everything I can to work with the companies to make sure that car workers' jobs are protected, so we can have an industry long-term, so that Australia can be proud of its industry base." Macfarlane also appeared to back away from a previous demand that Holden move to double its rate of exports, to 30 percent of production.

The minister's talk of protecting car workers' jobs was a fraud—industry subsidies under successive Labor

and Liberal governments have been premised on the need to restructure operations at the expense of the jobs, conditions and wages of workers. All sections of the corporate and financial elite agree that car workers must bear the burden of the crisis in the global auto industry.

Macfarlane's remarks nevertheless brought to the surface sharp divisions within the corporate elite, and within the government itself, over the future of the car industry. One wing maintains that Australian capitalism must keep an auto industry in some form in order to maintain a viable manufacturing capacity, including for military production as required. Finance capital has long opposed this, demanding that the approximately \$1 billion in annual car sector subsidies be funnelled to more profitable corporate sectors.

Representing this latter layer, the *Australian Financial Review* today devoted an editorial to denouncing the industry minister in unusually vitriolic fashion. Titled "Has Macfarlane gone mad?", it declared: "Putting uncompetitive industries on permanent subsidy mocks [Prime Minister] Tony Abbott's vow to make Australia open for business... Treasurer Joe Hockey and fellow Liberal rationalists must stand up to this lunacy. At stake is whether the Abbott government has the wit and gumption to tackle the serious task of reviving Australia's stalled productivity growth."

The newspaper contacted Hockey while he was in Washington D.C. for a G20 finance ministers' summit, and the treasurer declared that "if" the government put any additional money into the car industry it would be on the basis that the sector could prove it was "sustainable for the medium and long term." Finance minister Matthias Cormann also weighed in, making similar remarks to Hockey on Sky News yesterday.

The Murdoch press has also backed the campaign against further car industry subsidies. The *Australian* yesterday featured a front-page story reporting that government-commissioned opinion surveys and focus groups had concluded there was “little appetite for the ongoing government support” among the public, and a belief that subsidies were “merely propping up inefficient firms.”

The *Australian* also reported that Holden executives last week told Macfarlane that shutting down their production operations would cost the company \$600 million in redundancy payments to sacked workers and decommissioning and site-decontamination expenses. The calculation confirmed that GM’s closure preparations are no bluff.

The government’s response to Holden’s ultimatum is expected towards the end of the year, after the Productivity Commission—a “free market” body of the Treasury department that has long opposed industry subsidies—issues a preliminary report on the matter. The *Australian Financial Review* noted that the prime minister, who has already pledged to reduce the former Labor government’s subsidy package for the industry by \$500 million, will make the final decision. It cited an unnamed government source who said: “Joe [Hockey] will push back against Macca [Macfarlane]. This is going to be one for Tony [Abbott] to decide. Either he’ll come up with a deal or he doesn’t.”

The Australian Manufacturing Workers Union (AMWU) is doing everything it can to ensure that car workers remain on the sidelines, passively awaiting the outcome of the internecine argument within the bourgeoisie over their future.

Holden workers have already been hit with a new union-drafted industrial agreement gutting their wages and conditions. In August, the AMWU tore up the previous enterprise bargaining agreement covering the company’s 1,700 production workers in Elizabeth and imposed a new contract that included a three-year wage freeze, amounting to a substantial real wage cut, and reduced break times. It allowed management to dictate all holiday leave time, made concessions on shifts and overtime, and gave the company unfettered power to exploit casual and contract workers instead of hiring permanent employees.

Macfarlane has heaped praise upon the union bureaucracy for its role. Last week he hailed the

AMWU’s “fantastic job” and “responsible attitude.” On Wednesday he again praised the union for being “incredibly responsible and John Camillo, as their leader, has seen that there needs to be change.” Asked by a journalist what else the government wanted the Holden workforce to do, Macfarlane replied: “I don’t know what more they have to do, but that’s part of the process that we’re embarking on.”

This reply underscores the reality that the regressive agreement imposed against Holden workers in August was just the beginning, not the end, of a government-corporate-union drive to tear up every improvement in wages and conditions secured by car workers through generations of bitter struggle.

The “process” referred to by Macfarlane is a global race to the bottom, with car workers in every country played off against one another and confronted with never ending demands for further concessions to boost profits and attract international investment. The transnational auto corporations aim to find a way out of the severe crisis of the global car industry that emerged in the immediate aftermath of the 2008 financial crash on this basis.

Auto workers in Australia and internationally need to develop an internationally unified fight to resolve the crisis on their terms, bringing the car companies into public ownership and developing a rational and planned international system of production based on satisfying social need, not maximising corporate profit. The first step is a complete break with the trade unions and the formation of rank-and-file committees to turn to other sections of workers in the fight for this political perspective.



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