

Government sources claim GM will shut Holden subsidiary in Australia

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Senior unnamed Abbott government ministers told the media last week that General Motors has decided to liquidate the operations of its Holden subsidiary in Australia by the end of 2016. According to the cabinet leaks, GM intended to inform its workforce last Friday that it was closing its assembly plant in Adelaide and engine plant in Melbourne, but delayed the announcement until next year.

Holden's closure will be the death knell of the Australian auto manufacturing industry. In May, Ford announced the shutdown of its two assembly plants by October 2016. Toyota—the third remaining producer in Australia—has warned that Holden's departure would prompt the collapse of many parts manufacturers that supply Toyota, making its operations "unviable." If all three producers shut down, as many as 50,000 jobs will be destroyed, and another 150,000 will be lost due to the flow-on impact. Major working class suburbs, especially in Melbourne and Adelaide, will be plunged into Depression-levels of unemployment and social distress.

This prospect flows directly from the massive rationalisation of the auto industry internationally since the global economic slump began in 2008. Collapsing sales in the United States, Europe and Japan have vastly intensified the ferocious struggle for market share among rival transnational corporations. Dozens of plants have closed worldwide, and car workers' conditions have been slashed in country after country. The Obama administration and United Auto Workers union in the US set the benchmark for the devastation in 2009, cutting the hourly pay of new hires in half to barely \$15 an hour.

Within this context, car assembly in Australia has been damned by the corporations as "uncompetitive" and "unprofitable." Mitsubishi shut its Adelaide

assembly plant in 2008. Ford, GM and Toyota scaled back production and eliminated thousands of jobs, with Ford ultimately announcing the closure of its plants in Melbourne and the regional city of Geelong. Both GM and Toyota have publicly warned that they will cease operations if they do not receive increased government subsidies, combined with cuts to workers' wages and conditions.

Prime Minister Tony Abbott's ministers who leaked GM's closure plans alleged that the corporation is waiting until the government's Productivity Commission files a report on the auto industry so it can blame the closure on the government's failure to increase the level of state handouts. While the previous Labor government agreed to increase the annual grant to GM to \$300 million per year, and the South Australian state government offered to hand over \$50 million, the company reportedly wants at least \$500 million as the price for continuing production beyond 2016.

During the campaign for September's federal election, Abbott said a Liberal-National government would cut \$500 million from the estimated \$1.5 billion in annual handouts to support the auto industry. Last Friday, he declared that his government would not increase payments to GM. His position is in line with powerful corporate interests that oppose subsidies and want to use plant closures, or threatened closures, to drive an assault on workers that slashes their pay and conditions to the poverty levels prevailing in the US and across Asia.

A November 23 comment in the *Australian* by business journalist Grace Collier advocated using emergency hearings of the Fair Work industrial court to tear up workplace agreements and reduce car workers' wages from the current range of \$60,000 to \$80,000 per

year to the base award levels of \$37,000 to \$42,000. Halving workers' income, she gloated, would cause "productivity to skyrocket" and make Holden profitable.

The unstated purpose of the Productivity Commission inquiry, which held two days of hearings last week and will hold a final hearing tomorrow in Melbourne, is to conclude that only massive cutbacks in workers' conditions—not increased government subsidies—can "save" the car industry. The commission will issue interim findings on December 20 and a final report next year.

The companies, however, have not retreated from their insistence on getting both cost-cutting and more handouts.

The Australian Manufacturing Workers Union (AMWU) and other trade unions are functioning as direct mouthpieces for GM and Toyota. While echoing the companies' appeals to the Abbott government for greater subsidies, the unions are demanding that workers accept the tearing up of their conditions.

At the Productivity Commission hearings in Adelaide and Melbourne last week, GM's submission heaped praise on the AMWU for already pressuring workers to accept sacrifices at the Holden assembly plant in the northern Adelaide suburb of Elizabeth. The work day will be increased by 16 minutes, wages will be frozen for three years, new hires will be paid \$2 less an hour and management will have the "flexibility" to use casual contract labour rather than hire new staff. GM said the union agreement would enable it to cut the production cost per vehicle by \$3,750.

The unions are negotiating a similar assault on the workers at Toyota's assembly plant in Altona, Melbourne. Toyota is insisting that production costs per vehicle be slashed by \$3,800 for exports from Australia to remain "viable" and that cuts to wages and conditions be imposed by June 2014. It is also demanding that parts suppliers slash their prices, pressuring them to also cut their workers' conditions.

The claim by union officials that such cost-cutting is necessary to "save jobs" is an utter fraud. Even if the Abbott government provided a sufficiently large handout to bribe GMH into keeping Elizabeth open for now, hundreds of jobs would be eliminated. The company has said it would assemble just two models and produce no more than 65,000 vehicles per year,

compared with 85,000 this year. It would also source 70 percent of parts and components from GM's global supply chain—compared with 30 percent at present.

Holden workers would face more job cuts at Elizabeth, while the Port Melbourne engine and design plant would be mothballed. Local parts manufacturers that depend on sales to Holden and employ thousands of people would fold up, potentially triggering the liquidation of Toyota's operations. GM would simply extract every cent it could from both the government and its much reduced workforce for a few years, before issuing new threats to close.

Workers can only defend their interests if they break with the trade unions and form democratically controlled rank-and-file committees that are prepared to defend jobs and conditions. Above all, workers in Australia should turn to their fellow workers around the world with an appeal for a common political struggle against the onslaught of the transnational corporations and the governments and unions that serve them.



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