

GM announces closure of Holden in Australia

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General Motors announced this afternoon that it will shut down the Holden assembly plant in Elizabeth, South Australia and its engine plant in Port Melbourne by the end of 2017. The decision by the auto transnational signals a massive escalation in the assault on the living standards and social rights of the working class across Australia. The entire Australian car industry faces the prospect of being liquidated, with hundreds of thousands of jobs destroyed.

Ford already announced it would close its two Australian plants at the end of 2016. Toyota, the third producer remaining in Australia, may well announce its closure within a matter of days. It previously declared that if Holden shut down, it would follow. Toyota said its operations would be unviable because the parts manufacturers that supply its Altona plant in Melbourne would collapse.

As many as 50,000 jobs face destruction in the car and car parts industry over the next four years, while the flow-on economic impact will cause an estimated 150,000 more job losses throughout the country. The working class suburbs of northern and south eastern Melbourne and northern Adelaide confront being turned into ghettos of mass unemployment and social deprivation.

GM's announcement came after a week during which the company's plans to close were thoroughly exposed by leaks from within the Abbott government and company sources. The *Wall Street Journal* published a detailed report on Monday that GM would shut its two Australian plants and slash production at its South Korean plants by 20 percent, as part of ongoing international cost-cutting.

As recently as yesterday, during the final hearing of the Abbott government's Productivity Commission inquiry into the car industry, Holden CEO Mike Devereux denied that a decision had been made. With Prime Minister Tony Abbott away in South Africa for

Nelson Mandela's funeral, Deputy Prime Minister Warren Truss wrote to Devereux insisting on "an immediate clarification of GM's Holden's future plans." Treasurer Joe Hockey demanded in parliament that the company "come clean with the Australian people" and announce whether "you're here or you're not."

Hockey and the government received their answer.

GM blamed the closure on the "sustained strength of the Australian dollar, high cost of production, small domestic market and arguably the most competitive and fragmented market in the world." In reality, the jobs and living standards of hundreds of thousands of workers are being devastated to increase GM's revenues and the flow of profits to the banks, hedge funds and other parasitic financial interests that own the corporation. Like workers at GM plants that have closed or face closure in the US, Canada, Germany, South Korea and other countries, Australian workers are being cast aside to increase the wealth that is concentrated in the hands of the world's ultra-rich.

The threatened destruction of the car industry is, above all, a damning indictment of the pro-business program of the Labor Party and the trade unions. Over three decades, in response to the globalisation of production by the major corporations, they become the chief advocates and industrial police forces for lowering working class living standards to attract global investment and make Australian-based industry "internationally competitive."

From the time of the Hawke-Keating Labor government's "Button Car Plan" in the 1980s, Labor and the unions worked with the companies to restructure the car industry at workers' expense. Employment in assembly plants was slashed from over 45,000 in the early 1990s to less than 17,000 today.

The present situation is the outcome of these 30 years of restructuring. It has been an irrational and socially

destructive process, pitting workers around the world against one another in a spiral into ever worsening conditions. The trade unions have served as the companies' enforcers, demanding that Australian workers submit to job losses, wage concessions and speed-ups to prove they could "compete" with production in other countries.

The onslaught was taken to new levels following the 2008 financial crisis and the onset of the deepest global economic slump since the 1930s Depression. The unions collaborated with Ford, Holden and Toyota as they carried out major job cuts as part of global cost-cutting to protect their profits. This year alone, the Australian Manufacturing Workers Union worked with Holden to destroy 500 jobs and pressured workers in Elizabeth into agreeing to cuts to their conditions, telling them a pack of lies that this would ensure the plant remained opened.

The pursuit of international competitiveness has always been a race without a finishing line. The decision of Ford and GM to liquidate their Australian plants flows in large part from the savage wage cutting they were able to impose on their American workforces with the assistance of the Obama administration and the American trade unions. New hires in the US auto plants are now paid just \$14 per hour, compared with a minimum of \$23.50 in Australia.

In the wake of GM's announcement, corporate thinktanks and the establishment media in Australia will step up their attempts to blame it on workers' pay rates being too high. The editorial of yesterday's Murdoch-owned *Australian* declared Holden paid "labour costs three times the amount it should" and asserted that the car industry would only be viable when "labour costs fall to a competitive level."

The corporate elite and their media mouthpieces will spare no effort to manufacture an atmosphere in which unprecedented wage cuts are demanded by company after company, on the grounds that it is the only way to avoid the same fate as Holden. The Abbott government will use every means at its disposal—particularly the Fair Work anti-strike laws it inherited from the Rudd and Gillard Labor governments—to illegalise and suppress resistance in the working class. As they have in the past, the unions will function as the industrial policemen for Holden in suppressing resistance and pushing through a so-called orderly closure.

The Socialist Equality Party calls for the broadest opposition to the threatened destruction of the car industry. Rank-and-file committees are needed, independent of the treacherous and utterly bankrupt trade unions, which will organise unified action by Ford, Holden and Toyota workers against the plant closures, and reach out to their fellow auto workers around the world with an appeal for a common struggle to defend jobs and wages on the basis of a socialist program to expropriate the banks and major corporations.



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