

# Australia: Toyota foreshadows closure in wake of Holden announcement

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Within hours of General Motors announcing the closure of its Holden plants in Adelaide and Port Melbourne by the end of 2017, Toyota issued a press release that foreshadowed the shutdown of its assembly factory in Altona, Melbourne. The release stated that the Holden closure would “place unprecedented pressure on the local supplier network and our ability to build cars” and that the company would review whether it could “continue operating as the sole vehicle manufacturer in Australia.”

A snowballing process is now in motion that could see as many as 200,000 workers lose their jobs over the next four years. Holden will sack 2,900. Ford, which announced the closure of its two plants earlier in the year, will destroy 1,200 jobs. Car parts companies and related manufacturers employ over 40,000 workers. Many are expected to collapse, which Toyota has presented as the main reason it is weighing up shutting operations and eliminating 2,400 to 3,000 jobs. The flow-on economic impact of the decimation of the car industry would lead to an estimated 150,000 job losses and the failure of numerous small businesses, particularly in the northern suburbs of Adelaide and Melbourne’s north and south east, where car production is centred.

Toyota has issued its closure threat partly to pressure its workforce to vote tomorrow to accept a revised workplace agreement that will slash their pay and conditions. The company’s sweeping demands include the abolition of holiday leave bonuses, cuts in penalty rates for overtime, the removal of limits on weekly overtime and wage reductions for contract workers.

Toyota’s list of cuts underscores how GM’s closure of Holden will be ruthlessly exploited by corporations, large and small, to threaten workers with unemployment unless they accept the drastic lowering of wages and conditions. The media mouthpieces for big business are leading a campaign to blame the potential destruction of the car industry on workers’ wages and conditions.

Alan Moran from the corporate think tank, the Institute of Public Affairs, wrote in today’s *Australian Financial Review* (AFR) that Holden provided “lavish employment conditions”, with the “starting wage of a production line worker \$23.50 in Australia compared to \$14 an hour agreed by unionised plants in the US (less for non-unionised plants).” On top of this, Moran complained, “Australian workers get shift penalties and overtime rates... These and other conditions are unknown in the US and make Australian labour market costs double those elsewhere.”

Alongside the calls for the slashing of wages, other commentators have stepped forward to argue that the massive destruction of jobs across manufacturing is a development that should be welcomed, even by the workers who are being cast aside by plant closures.

The *Australian* editorial declared today: “Factory jobs have been disappearing for decades. In recent time, however, better and higher paid jobs in the service sector and mining have emerged. We want our highly educated workforce operating in the industries of the future. This is the nature of capitalism and economic evolution.” Stephen Walters, the chief economist of investment bank JP Morgan, promoted the same claim to the AFR. “The whole point when you restructure an industry”, he said, “is that these jobs reappear elsewhere and many people end up in equivalent and higher-paying jobs.”

The assertion that the workers who will be sacked due to the liquidation of the car industry are going to walk into better paid jobs in other areas is utter nonsense. It is all the more absurd coming from a JP Morgan banker.

The speculative and criminal operations of investment banks and hedge funds brought the global financial system to the brink of collapse in 2008 and triggered the greatest economic slump since the 1930s. In every part of the world, the same ultra-rich financial parasites responsible for the disaster have demanded that

governments bail them out and impose the full cost of the breakdown on the working class.

The millions of jobs that have been destroyed internationally have not “reappeared” elsewhere. The percentage of the US working-age population that has a job has fallen by 4.6 percent since 2008. After massive job destruction across Europe, youth unemployment is more than 20 percent and has reached the staggering level of 60 percent in Greece. In every so-called developed country, governments are slashing social spending on pensions, health, education and welfare, while aiding corporations to drive down wages and conditions.

The failure of capitalism, and its inability to provide a decent standard of living to the working class, is epitomised by the assault that has been carried out on the wages and conditions of car industry workers over the past five years. The restructuring of the American auto industry carried out in 2009 by the Obama administration and the United Auto Workers union, which included the halving of new hire wages to just \$14 per hour, set the benchmark for devastating attacks on workers internationally.

GM has closed plants and utilised the collaboration of governments and trade unions to extract major concessions from workers in Canada, across Europe, in South Korea and Australia. The corporation, which was bailed out by the American government and unions, is now raking in significant profits again—achieved through the impoverishment of workers around the world.

The decision to close Holden is related to the ruthless restructuring that GM has carried out at its Opel subsidiary in Germany and its operations in South Korea. The Opel plant in Bochum is being closed, while models formerly assembled in Korea are being shifted to other factories in Germany. GM production in South Korea will be slashed by 20 percent, but focussed on the same models as would have been assembled at Elizabeth.

The unions had pressured Elizabeth workers to accept major cuts to wages and conditions. Regardless, the *Australian*’s Philip King wrote today, GM has concluded that its entire Australian operation is “surplus to requirements in this scheme, collateral damage.” Likewise, a major consideration in Toyota’s decision about the future of its Australian operations is the fact that there are eight other plants internationally which assemble the same models that will be produced at Altona.

The Labor Party opposition, the Australian Manufacturing Workers Union (AMWU) and other unions have launched a cynical campaign to obscure the

fundamental political issues that the destruction of the car industry poses to the working class.

On the one hand, they are blaming Holden’s closure on the failure of the newly formed Liberal-National Party government of Prime Minister Tony Abbott to offer GM a big enough cash hand-out to continue operations. On the other, they are portraying the liquidation of tens of thousands of jobs as a *fait accompli* that cannot be opposed, let alone prevented. AMWU secretary Alan Smith told journalists that Holden’s closure made it “almost certain” that Toyota would shut down and that “50,000 jobs” would be lost. The union has joined with Labor in calls for “assistance” schemes to be rolled out to help car workers find alternative employment. Such schemes for Mitsubishi workers in 2008 and BlueScope steel workers in 2011 proved to be utter frauds, with hundreds still unemployed or in low-paid casual positions.

The aim of the unions is promote demoralisation among workers and passive acceptance of the plant shutdowns. In every case of mass sackings, they have collaborated with the companies and government to impose so-called “orderly closures”, suppressing workers’ anger and frustration and preventing any struggle to defend jobs.

The starting point for such a struggle is the recognition that the source of the assault on the working class is capitalism. Workers in any country can only resist the relentless drive to reduce their wages and conditions to the most miserable levels by uniting with workers internationally in a common struggle to take the banks and corporations out of private hands. The socialist reorganisation of the world economy, on the basis of social need not the private profit of a few, is the way in which the living standards of all workers can be systematically raised and poverty and exploitation ended.

The Socialist Equality Party calls on workers to take up this socialist and internationalist perspective and fight the destruction of jobs and conditions. As the immediate first step in the car industry, workers at Holden, Toyota and Ford should form rank-and-file committees, independent of the trade unions, categorically reject the closure of their plants and appeal to their fellow workers internationally for political and industrial support.



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