

Elizabeth, South Australia: A city devastated by General Motors Holden

Zac Hambides**27 December 2013**

General Motors Holden has announced it will shut its assembly plant in Elizabeth, a northern suburb of Adelaide, South Australia, by the end of 2017. The closure will destroy the last 1,600 car manufacturing jobs in the area and devastate a working-class community that is already suffering from the social consequences of decades of job shedding. As one local worker told *World Socialist Web Site* reporters: "We've got a town here that was basically built around Holden, and it is being taken away."

The city of Elizabeth, located on a flat plain approximately 26 kilometres north of central Adelaide, was established in November 1955. The South Australian government planned the area as a major manufacturing centre. A state government body, the South Australian Housing Trust (SAHT), was given responsibility to construct affordable housing in Adelaide's north, while an advertising campaign in England attracted immigrants to settle in the area.

General Motors had purchased the Holden Motor company in 1931 and maintained it as a fully-owned subsidiary. In the wake of World War II, GM, along with Ford, was provided considerable government incentives to expand the car manufacturing industry in Australia, protected by high tariffs and other forms of protectionism. In 1958, attracted by tax and other concessions being offered by the South Australian state government, it began construction of a new factory in Elizabeth. It opened in 1960, and by 1962 was fully operational as an assembly plant. The facility was held up as a symbol of South Australia's economic prosperity, and in 1963, Queen Elizabeth—after whom the suburb had been named—toured the factory on the invitation of the state government.

Adelaide's population grew as much between 1945 and 1961 as it had during the previous 109 years, from the time of the city's founding. The population of northern Adelaide increased almost tenfold from 1954 to 1966,

with most of the growth due to the creation of manufacturing jobs in Elizabeth. The period was the high point of the post-war boom. In 1963, General Motors Holden employed close to 19,000 workers nationally.

The onset of the global recession in 1973—the worst economic slump since the Great Depression—set in motion processes that transformed Elizabeth and other centres of post-war industry. In every area of manufacturing, corporations sought to overcome declining profit rates by slashing jobs, introducing greater automation and internationally integrating their production.

In 1981, in a sign of what was to come, Holden shut down its Pagewood plant in Sydney, sacking over 1,500 workers. Unemployment steadily rose as major employers like GMH cut back hiring. By 1983, the year the Labor Party headed by Bob Hawke and Paul Keating won government, unemployment in working class areas was well over 10 percent and far higher for young people.

In Australia, the periodic threats by General Motors and other car manufacturers that they would shut down operations completely unless major cost-cutting took place, led directly to the so-called Button Plan of the Hawke-Keating Labor government. With the full agreement of the trade unions, the Labor government set out to meet corporate demands by devastating the jobs and working conditions of car industry workers in order to make the industry "internationally competitive."

This agenda was advanced as part of an offensive against the working class in this period waged by major corporations and national governments in every advanced capitalist country. The development of globalised production methods saw the emergence of new low-wage manufacturing centres, with entire areas of industry in North America and Europe shut down and previous concessions on wages and working conditions granted to manufacturing workers clawed back.

In the Australian car industry, these restructuring

processes saw numerous plant closures and downsizing. In 1984, General Motors announced the closure of its assembly plants in Woodville, a suburb of Adelaide, and Acacia Ridge in Brisbane, Queensland. In 1996, it closed down its plant in Dandenong, in Melbourne, Victoria, after a decade in which it had been operated as a joint venture with Toyota.

The closures left Elizabeth as the only Holden assembly plant in the country, with engines being produced at the Fishermans Bend plant in Melbourne. The workforce at the two remaining factories were subjected to repeated demands for “productivity” improvements, meaning production speed-up, the elimination of job demarcation and limits on wage rises. The unions collaborated fully in imposing management demands.

The concentration of assembly at Elizabeth led to the establishment in 1997 of the Edinburgh Parks industrial estate in northern Adelaide. Located just a few kilometres from the Holden plant, the estate was marketed by government authorities as a site where components companies and other businesses associated with the car industry could establish profitable operations. In 2003, Holden added a third shift to Elizabeth, boosting job numbers at the plant to 4,500. The decision was hailed as confirmation that the future of the plant was assured and that manufacturing in northern Adelaide would boom.

Barely two years later, however, a decision was made by General Motors to begin scaling down production in Australia on the grounds it was not profitable compared with assembling vehicles in lower labour cost regions of Asia. In 2005, the third shift was ended and 1,400 workers sacked in one of the largest mass redundancies to be inflicted on the Elizabeth area.

The financial crisis of 2008 and the onset of global economic slump accelerated the job destruction. Mitsubishi, which operated an assembly plant in southern Adelaide, shut down completely, eliminating 1,000 jobs. Holden slashed 500 jobs in 2008 and 500 more in 2009. This year, another 400 jobs were axed, reducing the workforce at Elizabeth to barely 1,700.

Far from developing into a booming industrial centre, Edinburgh Parks is marked by moth-balled factories, vacant lots and “For Lease” signs. Large billboards absurdly proclaiming that it is South Australia’s “largest industrial park” and the focus of the state’s economic “renewal” have not been removed, despite the area’s obvious collapse. Barely 350 of 650 hectares of land in the park have been developed. A number of the major employers located there, such as Futuris, Toll transport

and Hirotec, will shut down or impose substantial job cuts when the Holden plant closes.

The systemic running down of car production and related manufacturing has condemned northern Adelaide to some of the grimdest social conditions in Australia. Official unemployment is 14 percent, almost three times the national average. For young people, unemployment is 41 percent, the second highest in the country. One in four residents of Elizabeth is reliant on some form of social security and lives in poverty. The median weekly income of a household in the area is just \$595, compared with the national average of \$1,234, and \$1,977 in upper-class suburbs such as Toorak in Melbourne.

While the working class of Elizabeth and northern Adelaide will face even bleaker conditions due to Holden’s closure, the company’s executives have been rewarded with pay increases of \$11,000 or more, taking their average pay to over \$453,000. The financial speculator Warren Buffett, who is among those buying up GM stocks as it returns to profitability by shattering workers’ lives around the world, adds \$US37 million per day to his wealth. His personal fortune currently stands at \$US59.1 billion.

The social crisis in Elizabeth and northern Adelaide is sharply reflected in the fact that—contrary to the national trend—house prices are falling rather than increasing. Home prices in Elizabeth North, for example, have fallen eight percent since 2008 while unit prices have plunged by 15 percent.

Peter, a local worker who spoke with the WSWS, summed up the concerns of people in Elizabeth. “Look at Detroit”, he said. “Thirty years ago it was the mega of the car industry and for workers. Now it’s a wasteland. Is that what’s going to happen here?”



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