Australian unions impose wage cuts at Alcoa

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Under the guise of protecting jobs, trade unions in Australia have quickly signed up to the Labor government's drive to impose wage cuts because of the global economic meltdown. Late last month, unions at aluminum giant Alcoa in Western Australia not only dumped pay claims but agreed to forgo previously negotiated incentive payments.

Just weeks before, the US-based aluminium giant announced a $US1.19 billion loss in the last quarter of 2008 and the axing of 13,000 staff and 1,700 contractors worldwide, mainly from its US and European operations. Alcoa Australia managing director Alan Cransberg warned that while layoffs were not planned "at this stage", the company "needed to be aggressive... to maintain its competitive position in tough economic times".

Following Cransberg's announcement, Minister for Workplace Relations Julia Gillard joined the *Australian* newspaper, Rupert Murdoch's local flagship, to denounce pay claims by the Alcoa workers and assert that wage increases would cause job losses. Gillard urged all unions to seek "creative and responsible outcomes in enterprise bargaining".

Construction Forestry Mining and Energy Union (CFMEU) mining division secretary Gary Wood initially declared that the union would still pursue pay increases of between 5 and 10 percent a year for around 100 members, saying they "work beyond expectations" and "deserve to be rewarded".

Within days, the CMFEU fell into line. Woods said the "claim for pay rises...could still be achieved" but "in better economic times". The union then also agreed to forgo two incentive increases for workers due this month and in June, amounting to around 4 percent. Wood proclaimed that the action had "created history" and was "a sign of responsible unionism amid the weakening economy".

Australian Manufacturing Workers Union (AMWU) state secretary Steve McCartney said his union had agreed to forfeit a 4 percent pay rise and defer another increase due in six months time after the union had held discussions with Alcoa management on the company's situation.

The Australian Workers Union (AWU), which covers 2,000 workers across Alcoa, is considering similar concessions, while the Communications Electrical and Plumbing Union will decide within two weeks on a proposal to "defer" six-monthly lump-sum payments introduced to retain senior trades people at Alcoa.

Despite obtaining the wage cuts, Alcoa is proceeding with its previously announced plans to shed 15,000 jobs from its worldwide operations and shelve a $A2.2 billion expansion at its Wagerup refinery in Western Australia. The company insisted that it had given no guarantees to the unions that the company would not slash jobs at its Australian facilities in the future.

As the outcome at Alcoa illustrates, the "creative outcomes" sought by the Labor government seek to ensure that working people pay the price for the economic crisis gripping world capitalism, through the slashing of both jobs and wages. After a year of soaring prices and with inflation still running at nearly 4 percent, the dropping of pay claims amounts to wage cutting in real terms.

Alcoa will now become the benchmark in the more than 5,000 enterprise agreements currently up for renegotiation across industry generally, with the unions

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acting as enforcers. Significantly, the three major unions involved at Alcoa—the CFMEU, AMWU and AWU—are prominent in the new round of enterprise bargaining getting underway.

Australian Mines and Metals Association director Tony Caccamo immediately hailed the unions' decision, declaring: "They could have dug their heels in because they already had an agreement on the matter, but I think they decided their members would rather have a job than wage increases." He called on unions in all industries to follow suit.

This was echoed by Australian Council of Trade Unions (ACTU) president, Sharan Burrow, who hailed "the decision of the Alcoa unions to temporarily defer previously negotiated pay rises as appropriate to maintain jobs". She added: "During the economic slowdown, unions are prepared to be sensible and flexible, as they always have been in similar periods in the past."

Burrow said unions would look to strike three-year enterprise agreements that forgo pay increases in the first year and then "over a three-year period we [the unions] will work with employers to see what is possible by the way of wage increases". She claimed that the restraint would be in return for "strong commitments" by companies on job retention.

However, holding out the prospect of recovering the foregone wages in the future is a hoax. The tying of pay outcomes to employers' "capacity to pay" is a formula for permanent wage-cutting under conditions of the greatest economic breakdown since the 1930s.

For more than two decades, the unions have used the pretext of defending jobs to overcome the resistance of workers to far-reaching restructuring including longer shifts, cuts to manning levels and the destruction of longstanding safety measures. Yet none of this has prevented the slashing of jobs and the closure of plants across the manufacturing sector.

In mining, the prospect was held out of a never-ending boom based on rising commodity prices and exports, to China in particular. Workplace flexibility and restructuring were an integral component of boosting production and ensuring high profits. Now that the minerals boom is rapidly collapsing, the unions are playing the central role in forcing workers to bear the burdens.

To mount any struggle against a global giant like Alcoa requires an international strategy to unify workers in a common fight to defend jobs, pay and conditions. But the perspective of the trade unions, in Australia and other countries, is to tie workers to their "own" employers. Not surprisingly, Australian unions have not expressed the slightest concern for the 15,000 Alcoa workers around the world who will lose their jobs.

The response of the unions in Australia to the global economic crisis underscores the worthlessness of these organisations as a means of defending even the most basic rights and conditions of workers. The defence of pay and jobs will not take place through the unions but in a rebellion against them. That will require a completely different perspective. Against their pro-capitalist program, a socialist alternative must be fought for to reorganise society for the benefit of all, not a privileged few.

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