

Australia: PPG paint workers remain on strike as union pushes two-tier wage cut

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2 May 2011

After five weeks, more than 120 workers remain on strike at a Melbourne paint plant operated by the US-based transnational PPG Industries. They walked out on March 28 against the company's demand for a new two-tier wage system, involving new hires receiving a 43 percent wage cut. PPG—a multi-billion dollar global manufacturer of chemicals, paint and glass, and a major supplier for Toyota, Ford, and General Motors Holden in Australia—is also attempting to undermine the overtime benefits and working conditions of the existing workforce, and has mounted an aggressive strike breaking operation to maintain production.

The important struggle being waged by the PPG workers now stands at a critical turning point. The union involved, United Voice (formerly the Liquor, Miscellaneous and Hospitality Union), is conspiring with the company to implement the two-tier wage system and other measures aimed at slashing labour costs. United Voice has deliberately isolated the workers throughout the strike. No picket has been formed, and PPG has maintained operations by using contractors as strike breakers. United Voice has provided no strike pay, leaving many workers under considerable financial pressure.

As a result, last Wednesday the union was able to secure a majority vote of the striking workers on a counter-offer for an enterprise bargaining agreement (EBA) that concedes the two-tier wage system.

PPG has offered a nominal 3 percent annual wage rise—in effect, a real wage cut given significantly higher cost of living increases—as well as a one-off payment of \$1,500, in place of backdating the 3 percent rise to the expiration of the previous EBA. The paint company is also demanding workers give up their existing guaranteed, pre-paid five hours of overtime each week that is currently incorporated into the annualised salary package, and therefore involves holiday loading and superannuation. Workers have told the *World Socialist Web Site* that this measure alone will lower their weekly wage by between \$240 and \$450, depending on particular salary brackets.

The assault being waged by PPG Industries is part of a wider offensive being waged against the wages and conditions of the working class, especially in the manufacturing sector. Encouraged by the Labor government of Prime Minister Julia Gillard, and working hand in hand with the trade unions, big business and finance capital are seeking to boost profit rates and maintain “international competitiveness” by implementing sweeping restructuring measures.

In initial negotiations over the new EBA, PPG management tabled labour costs at its Thailand and China plants—clearly indicating this was the benchmark for its Australian workforce. The company subsequently issued a statement that openly stated that its central aim was to “reduce our overall wages costs.” In a thinly veiled threat, PPG warned that the industrial action “can only damage our effort to secure the long-term future of the site.”

PPG Industries is the world's second largest coatings company, with sales of \$13.5 billion and a \$769 million profit in 2010. This was achieved through ruthless cost cutting measures, including the closure of plants in the US, France, Canada and Holland, which saw 2,500 workers, or 5.6 percent of PPG's global workforce, laid off.

Even before the 2008 financial crash, PPG was notorious in the US for slashing wages through two-tier systems targeting new hires. This mechanism is now entrenched throughout the American car industry, with the United Auto Workers union imposing massive wage cuts on behalf of Chrysler, Ford, and General Motors. As a result, profits for the “Big Three” in 2010 skyrocketed to \$11 billion, and there are plans to hire 35,000 new workers by 2015—all on less than \$15 an hour, replacing laid off workers who had received around twice that amount.

PPG's attack at the Melbourne paint plant constitutes a sharp warning to the Australian working class of the kind of measures that are now to be imposed throughout the economy.

There is widespread opposition among PPG workers to the two-tier demand, and a small but significant minority voted last

Wednesday against the union's proposed counter-offer. One of those who voted "no" later told the WSWs that there was considerable confusion at the meeting, largely due to the union's failure to put anything in writing. There was only a verbal presentation of the points to be included in the union's so-called counter-offer.

"The union is a police force to keep the workers down," the worker said. "They have used smoke and mirrors to confuse us. You're voting on what you're verbally being told from up the front, but you should be able to read it in front of you and think about it."

He explained that some workers felt that the two-tier wage structure could be conceded because they could fight to raise the wages and conditions of the new workforce in three years time, when the next EBA will be determined. But the worker said he had opposed these positions: "The fight is now—once two-tier is in, the horse has bolted."

One PPG employee circulated documents outlining the reasons for his opposition to a two-tier system. "For us to accept a two-tier pay structure would be morally reprehensible," one document stated. "It would be selling our souls for a few silver pieces ... if we are beaten in this, companies will not stop with us. I refer to other companies where your kids/grandkids etc., might one day work. This will be seen as a test case for them and they will watch carefully." The worker also referred to the "gap between the rich and the poor"—"it is getting as obscene as America's ... this is the Americanization of Australia"—and accused PPG of violating article 23.2 of the UN's Universal Declaration of Human Rights, which states, "Everyone, without any discrimination, has the right to equal pay for equal work."

In seeking to ram through a two-tier wage system, the union is directly threatening the job security of the existing workforce. If new hires are allowed into the plant on 43 percent lower wages, PPG will have a direct and immediate financial incentive to get rid of its experienced employees. Those workers identified as potential opponents of the new regime inside the plant will no doubt be among those first targeted in the war of attrition.

United Voice and the other trade unions covering the PPG workforce have already presided over the destruction of hundreds of jobs. A decade ago there were 600 people employed at the plant—now the total is less than half that.

In Australia and internationally, the unions function as the direct agents of corporate management, imposing whatever wage cuts, productivity speedups, and mass job cuts are deemed necessary. The privileges of the upper-middle class

union bureaucracy are now entirely divorced from the social position of the workers they nominally represent. In the case of PPG, United Voice has ensured that it will collect automatically-deducted union dues from the second-tier workforce. Like every other major union, United Voice also has lucrative investments through its superannuation fund, Hostplus, which manages \$9 billion in investments.

PPG workers can only advance their struggle if they make a determined break from the trade unions, and organise independently, including through the formation of an elected rank-and-file committee.

The striking workers need to overcome the union's isolation of their struggle by turning out to other sections of workers facing similar attacks on their jobs, wages, and conditions. This includes those in auto-parts maker Bosch, whose plant directly next door to PPG is to slash one-third of its workforce by 2013, Ford and Toyota, which recently announced cuts to jobs and shifts, and other manufacturing workers in Australia and internationally. A determined public campaign against PPG's provocations would immediately win widespread support among working people.

The PPG workers are locked in a political battle against the Labor government, which has given corporate Australia the green light to proceed with an offensive against the working class. The budget being released on May 10 is set to slash spending on welfare and public infrastructure, while cutting taxes on corporate profits and delivering various other pro-business measures. Contrary to the various ludicrous claims that Australia somehow avoided the global economic crisis, the brutal austerity measures imposed in Europe and the US are now being brought to Australia, in order to maintain the economy's "international competitiveness."

Workers need to respond on the basis of a new internationalist and socialist perspective, fighting to overturn the outmoded profit system and reorganise economic life internationally to serve the interests of working people, not the ultra-wealthy oligarchy.



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