

Australian steel producer sacks 1,300 workers

Patrick O'Connor
22 August 2011

Australia's largest steel producer, BlueScope Steel, this morning announced that it is laying off at least 1,000 permanent and 300 contract workers. The company is abandoning its export operations, closing a hot strip mill in Hastings, Victoria, and shutting down one of its two blast furnaces in the New South Wales industrial centre of Port Kembla, Wollongong.

The assault on steel workers' jobs has been jointly coordinated by BlueScope executives, the trade union bureaucracy and the Labor government of Prime Minister Julia Gillard. Many more jobs are set to be destroyed in the next several months, both in the steel industry and throughout manufacturing, as big business and finance capital ram through sweeping restructuring measures in response to the escalating economic crisis internationally and in Australia.

BlueScope shares have plunged by 65 percent this year, the third-worst record of the top 200 stock market-listed companies. It has now reported a \$118 million net loss for the past financial year, with additional asset write-downs of \$900 million, bringing total reported losses to more than \$1 billion. The company issued a statement to the stock market attributing this to "an unprecedented combination of economic challenges in the form of a record high Australian dollar, low steel prices and high raw material costs." It said these challenges were "compounded by low domestic steel demand in the wake of the GFC [global financial crisis]."

There will be an estimated 800 permanent jobs cut in Wollongong and 200 in Hastings, south-east of Melbourne, with at least another 300 contractors in both areas also directly hit. Many more workers in supporting and flow-on industries will be affected. Entire communities will be devastated. Wollongong is a major working class heartland, which for decades has depended on the Port Kembla steelworks and associated heavy industries, including coal mines, a copper smelter, fertiliser plant and cargo terminals. Few, if any, of the sacked workers will ever find another job in the city. The area has already been ravaged by three decades of mass layoffs enforced by the trade unions, and by the refusal of successive Labor and Liberal governments to fund adequate public services and basic social infrastructure.

Cole Obenikovski, a Macedonian immigrant who had worked in the Port Kembla steelworks for 30 years before BlueScope was separated from BHP Billiton, told the *Australian*: "It's really sad. I've given my life to the Illawarra. I really don't see much future for the kids here."

One of the affected workers in Victoria told the *Hastings Leader*: "Some of us have mortgages of around \$200,000 and have others to support. We are in shock but have to look ahead to the future. People have downed tools, packed up and are now job seeking—what else is there to do? We will be looking for jobs in competition with others made redundant around the same time in other companies."

Before publicly announcing the sackings, BlueScope executives reportedly briefed Labor government ministers.

Gillard and her colleagues are nevertheless now posturing as supporters of the steel workers. The prime minister declared today: "The Gillard Labor government is standing shoulder to shoulder with the communities of the Illawarra and Mornington Peninsula in these tough times, with practical support to help workers find new jobs and strengthen local economies."

In reality, Gillard stands "shoulder to shoulder" with the workers only so as to better twist the knife. She announced several pathetic token measures—establishing a telephone "support hotline" for BlueScope employees, and providing "relocation assistance" money if workers move and find a job in another region. At the same time, Gillard rushed to reward BlueScope for its restructuring drive with additional public subsidies. The company has been awarded a \$100 million cash injection under the government's Steel Transformation Plan that was unveiled at the same time as the carbon tax was announced earlier this year.

Labor is orchestrating a far-reaching reorganisation of Australian industry on behalf of big business and finance capital. The China-fuelled mining boom has served as the mechanism through which global economic pressures for drastically lower wages and working conditions have been transmitted into the Australian economy. The high Australian dollar and relatively high interest rates have produced recession

conditions in retail, manufacturing and other sectors. The BlueScope sackings follow other recent mass layoffs, including OneSteel (400 jobs), Qantas (1,000 jobs) and Westpac bank (600).

These represent only the first shot in what is set to be a massive onslaught. Merrill Lynch has advised its clients of “100,000 job losses in the pipeline.”

Australian Workers Union (AWU) chief Paul Howes revealed that he has received several telephone calls in recent days from CEOs “foreshadowing substantive announcements over the coming couple of weeks and months that will have a fundamental shift in the nature of manufacturing.” He added: “We are going to see huge amount of jobs go. This is one of the worst periods Australian manufacturing has gone through since the Great Depression.”

The executives are forewarning Howes of what is coming in order to confirm in advance the support of the trade unions in enforcing the mass sackings and sabotaging any resistance within the working class.

The AWU worked hand-in-hand with BlueScope in preparing today’s job loss announcement. It issued a statement admitting that “the unions and BlueScope Steel have been in discussions over the process under which the workforce reduction will take place.” Moreover, the company told the Australian Securities Exchange that “the actual size of the workforce reduction will be the subject of discussions with employees and unions.”

The AWU and other unions have spearheaded a chauvinist anti-China campaign in an attempt to disorient and divert steelworkers from the real issues they confront.

Howes declared that “cracking down on China’s currency manipulation should be right at the top of our foreign policy agenda ... Australia should be developing a diplomatic effort to make sure China does the right thing and floats its currency to alleviate the pressure on local manufacturers.” He added that “to give Australian manufacturers the chance to compete on a level playing field, we need to get serious about a sectoral support plan—one that includes tough local content policy, currency changes and a stronger anti-dumping regime.”

The unions’ campaign has received the support of the Murdoch press, which is urgently demanding that the Labor government implement further pro-business economic reform measures. An editorial in the *Australian* today declared that Howes had a “good point” on China’s currency, but stressed that the key issue was to boost productivity by enforcing greater workplace “flexibility.”

To defend their jobs, wages, and working conditions, BlueScope workers must reject the utterly reactionary nationalist and corporatist agenda being promoted by the unions. Even if the AWU’s demand were met and China’s currency significantly appreciated in value, the most likely outcome would be a sharp decline in that country’s industrial exports and therefore demand for Australia’s mineral exports, triggering the collapse of the mining boom and a severe contraction in activity throughout the Australian economy.

The central aim of Howes’s campaign is to divert steel workers from the political struggle they must undertake against the profit system itself. Equally bankrupt is the demagogic call issued by Labor “left” Senator Doug Cameron for the mining companies to “stop lining their wallets and start making an investment in manufacturing jobs.”

The global economy is being wracked by the most severe crisis since the 1930s, and workers in every advanced capitalist country are confronted with an unprecedented assault on their living conditions. What the AWU promotes as a “level playing field” is a race to the bottom as each national government seeks to boost the profits of its own corporations at the expense of workers’ wages and conditions.

To develop a fight in defence of their jobs, BlueScope workers must form rank-and-file committees—independent of and opposed to the trade unions—and turn out to other sections of the working class facing similar attacks. Steel workers have been among the most militant sections of the Australian working class, and Wollongong has a long history of strikes, occupations and other forms of industrial action. These traditions must now be revived, with industrial action centred on the development of a political fight against the Gillard government.

A socialist and internationalist program must be advanced, bringing the steel industry, mining sector, banks and other multi-billion dollar corporations under public ownership and the democratic control of the working class. The realisation of this perspective requires a fight for a workers’ government and the building of a new revolutionary leadership. This is advanced only by the Socialist Equality Party, and we urge steel workers to contact us and initiate a discussion on these issues.



To contact the WSWs and the
Socialist Equality Party visit:

wsws.org/contact