

Australian steel industry sackings highlight national jobs crisis

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Yesterday's announcement of more than 1,300 layoffs at BlueScope Steel has been accompanied by a series of warnings of further mass sackings throughout the steel industry and the manufacturing sector.

The onslaught is set to devastate entire areas. The BlueScope restructuring is focussed on the industrial centre of Port Kembla and Wollongong, with the closure of a blast furnace resulting in the destruction of 300 contractor positions and 800 permanent jobs. Just 2,300 positions will remain.

Many more workers in the area will lose their jobs because of flow-on effects. University of Wollongong economic modelling has predicted that 200 businesses will be directly hit, with 54 small manufacturing companies and 46 construction firms substantially dependent on the steel sector, and other transport and property firms also connected.

The systematic dismantling of much of the region's industrial base has left a legacy of widespread joblessness. The official unemployment rate, which greatly underestimates the real extent of joblessness, is 7.4 percent for all adults, and 33 percent for young people aged 15 to 19. Thirty years ago, the Port Kembla steelworks employed about 23,000 workers.

The other 300 BlueScope job losses are due to the closure of a hot strip mill in Hastings, on Victoria's Mornington Peninsula, south-east of Melbourne. The remaining workers confront the threat of major wage cuts. The *Peninsula Weekly* reported: "The company is also considering rescheduling work at the Hastings plant from a round-the-clock operation to five days a week, which could mean pay cuts of up to \$40,000 per year in overtime, penalties and other benefits for some workers."

The total impact on contractors, suppliers, and local businesses in Hastings has been estimated to involve as many as 1,000 job losses.

Even more BlueScope jobs are likely to be destroyed in the next period. Matthew Hodge of financial research company

Morningstar told the *Sydney Morning Herald* that he was sceptical the company could soon return to profit. "I struggle to dream up a scenario where they do well," he explained. "You need the domestic economy firing and you need a lower dollar, and I don't know how we can get there."

BlueScope management reportedly told workers at the Port Kembla steelworks that the announced cuts would only allow the company to "draw even," after it registered a \$1.05 billion loss in the last financial year. One of the workers, Colin Langlands, who has been at the plant for 20 years, told the *Australian Financial Review*: "I don't think the steelworks will be around within five years."

Despite the company's poor performance—and mounting evidence of poor management and investment decisions—BlueScope executives have awarded themselves \$3 million in bonuses, reportedly equivalent to about 15 percent of the company's operating cash flow. CEO Paul O'Malley is to receive a \$721,000 bonus, along with his \$2 million salary.

The financial press is speculating on a possible merger between BlueScope and its rival OneSteel—a company that was also spun off from BHP Billiton a decade ago—a move that would involve further layoffs.

OneSteel announced recently that it was sacking 400 workers. Whether the company maintains its steel producing operations in Australia is an open question. OneSteel's plant in Whyalla, South Australia employs about 4,000 people but is currently not generating a profit. The company's profits are all being made by its iron ore export division. Yesterday management announced that this division was to be significantly expanded, with a \$600 million investment aimed at doubling its ore exports to China. The *Australian Financial Review* today noted that "some in the market" think the Whyalla steelworks ought to be shut down, with the iron ore currently processed in the blast furnace there being exported instead.

BlueScope is under similar pressure to shift away from producing steel. An ABC reporter asked Gavin Wendt of the

MineLife stock report if the Australian steel industry had a future. He replied: “It’s a really difficult question to answer. You know we’ve seen the steel industry decline in importance over the last 10 to 20 to 30 years. Of course, Newcastle in New South Wales was a major steel producing hub. It’s very, very difficult to see Australia’s steel industry surviving.”

The crisis in the steel industry is a sharp expression of the sweeping restructuring underway throughout the Australian economy. The so-called mining boom fuelled by China’s continued industrial expansion has been the mechanism through which the corporate elite has undermined jobs, wages and conditions. This process—where a highly-valued Australian dollar and rising interest rates trigger a crisis in manufacturing, retail, tourism, education and other non-mining sectors—underscores the irrationality of the capitalist market. Within a rational economic order, increased revenue would lead to rising living standards across the board. Under the profit system, however, the mining boom has enriched a narrow layer at the top, while generating widespread social misery for ordinary people.

A sharp rise in unemployment is now anticipated by economic forecasters. Merrill Lynch has predicted that another 100,000 workers will soon lose their jobs.

It is already becoming clear where these jobs might be lost. It has been reported today that Caltex has placed its two oil refineries, the Kurnell refinery in Sydney and Lytton refinery in Brisbane, under review. The facilities account for about one-third of Australia’s oil refining capacity, and their closure would require more than half of the country’s petrol needs to be imported. Caltex’s review follows the shutdown of Royal Dutch Shell’s Clyde oil refining facility in Sydney.

There is also mounting speculation about the viability of Australia’s car industry. The closure of one or more of the operations run by Toyota, General Motors and Ford would have a disastrous impact on the already economically depressed working class suburbs where car plants are located in Adelaide, Geelong and Melbourne.

The Labor government of Prime Minister Julia Gillard is working hand-in-hand with both the trade unions and corporate executives to advance the restructuring process and suppress any opposition by workers. Its aim is to enhance the “international competitiveness” of Australian capitalism by ramming through the kind of austerity spending cuts and attacks on jobs, wages and conditions seen in the US and Europe.

Gillard has responded with thinly veiled contempt to the plight of the sacked BlueScope steelworkers. She has offered

special “relocation assistance” to encourage workers to sell their homes, shift their families and move to mining centres in Western Australia and elsewhere. The government is also reportedly preparing to announce a “Buy Australian” campaign, which is nothing but a diversion from the real source of the crisis in steel and manufacturing—the profit system itself.

The trade unions are similarly stepping up their chauvinist diversions—blaming China for the mounting job losses, and pressing the government to work with Washington to force Beijing to increase the value of its currency.

At the same time, the bureaucracy is urging big business and the government to better utilise their services in enforcing the mass layoffs. Australian Manufacturing Workers Union national secretary Dave Oliver yesterday called for “industry plans” like those developed under the previous Hawke-Keating governments. “The government [then] worked with the unions and the employers and came up with plans like the Button plans for the auto industry, the steel industry and shipbuilding,” Oliver explained.

Each of these plans involved the trade unions taking central responsibility for destroying concentrations of the working class. The “Button Plan”, for example, saw the closure of Holden’s Acacia Ridge, Brisbane plant (1984, 600 jobs lost), the Mercedes Benz and Volvo operations (1986), Nissan’s plant in Clayton, Melbourne (1992, 2,000 jobs eliminated), and Ford’s factory in Homebush, Sydney (1994, 850 jobs destroyed).

In every instance, the unions enforced an “orderly closure”. This is the model that the union bureaucracy now seeks to revive across the manufacturing sector.

The working class is confronted with the urgent necessity of developing a counter-offensive in defence of its independent interests. Working people should establish rank-and-file committees in opposition to the unions, in order to combat all proposed job and wage cuts and develop a political struggle against the Labor government. This means building a new revolutionary leadership—the Socialist Equality Party—in the fight for the establishment of a workers’ government with a socialist program, which would include placing the major banks, mines, steelworks and other major industries under social ownership and the democratic control of working people.



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