

Australia: Lessons from the closure of the Newcastle steel plant

Terry Cook
16 September 2011

BlueScope workers facing the loss of 1,400 jobs in Wollongong, south of Sydney, and Hastings in Victoria, should learn the lessons of the experience of steelworkers in Newcastle, where BHP shut down the city's steel plant in 1999 and destroyed thousands of jobs in the process. BHP subsequently divested itself of any involvement in steelmaking by establishing separate companies—BlueScope and OneSteel.

What is confronting workers in Wollongong and Hastings is all too familiar to the working class in Newcastle. In fact, the methods now being employed by management, government, and the unions to suppress any opposition to job destruction were in many ways perfected in the “orderly closure” of the Newcastle plant.

The Labor Party, at the state and federal level, and the trade unions were centrally involved in blocking any struggle to defend jobs after the closure was first announced in 1997.

Top union and Labor figures—including the entire executive of the *Australian Council of Trade Unions* (ACTU), New South Wales state Premier Bob Carr, and federal Labor opposition leader Kim Beazley—made pilgrimages to Newcastle to address protest rallies. They all combined demagogic condemnations of BHP with empty promises that they would never abandon the steel workers and their families.

Beazley fumed at one rally that the BHP directors should be “shirt fronted and told to reverse the decision.” Significantly, he never voiced similar sentiments when he was a leading minister in the Hawke-Keating government in the 1980s. Under Labor's steel plan, some 25,000 steel jobs were destroyed nationally between 1983 and 1989—10,000 of these in Newcastle.

BHP had its own campaign. Advertisements on radio and

television portrayed the closure not as the end of an era, but as a “new beginning” for Newcastle and the Hunter region. Workers were told they would enjoy a “new and better future” after retraining for a whole range of occupations, from beekeepers and masseurs to website designers and business entrepreneurs.

The entire operation was nothing but an elaborate smokescreen behind which the trade unions worked furiously with the corporate executives in behind closed door discussions to devise a strategy to push through the closure with a minimum amount of fuss.

A joint management-union committee was set up and an increased redundancy package was announced, along with a multi-million retraining program. These were accompanied by promises of job creation schemes, such as the Steel River industrial estate to be set up on the site of the closed BHP plant, which was billed to create over 2,000 jobs.

What Labor and the unions ruled out from the outset was any fight to defend jobs and keep the plant open. The Socialist Equality Party called on BHP workers to break from the trade unions and to launch an independent political struggle to defend jobs based on a socialist program.

The official closure of the plant in 1999 epitomised the collaboration of the unions with BHP for an “orderly closure.” Union officials and management organised a carnival-like “open day.” Workers gathered behind the banners of their respective departments and marched out the main gate to the strains of the BHP choir.

The result was the destruction of the remaining 2,800 jobs at the plant and an end to 85 years of steel production in Newcastle.

Unsurprisingly, the rosy future promised by governments, BHP, and the unions never eventuated. The closure of the

steel plant had devastating long-term consequences for working people in Newcastle and throughout the entire Hunter Valley region. By selling off jobs through higher redundancy pay-outs, the unions also sold off the future for the region's youth.

The closure impacted widely on companies throughout the region that had relied in one way or another on steel production. The plant had also provided training and apprenticeships in a range of trades. Today, training opportunities for young people in Newcastle are virtually non-existent. Full-time employment, particularly for youth, is a scarcity and what is left of manufacturing in the once thriving industrial centre is fast disappearing.

While the official jobless rate has fallen from a peak of 11.3 percent in January 2001, the figures are particularly deceptive in the case of Newcastle. On top of the usual forms of hidden unemployment and underemployment, many workers, particularly young people, have simply left the area to find work elsewhere.

The current low unemployment rate of 2.8 percent has given rise to all manner of optimism about the revival of Newcastle. This ignores the fact that most of the jobs are part-time, casual or temporary contracts, mainly in low-paid work in various service industries. The demise of Newcastle as an industrial centre can be gauged by the fact that the two largest employers in the area are now the New England Area Health Service and the University of Newcastle, which currently employs just 2,250 staff.

More than a decade after the Newcastle closure, the methods of "orderly" plant closures and job destruction are well established. As soon as BlueScope Steel announced its plans last month, a well-oiled machine swung into action.

The federal Labor government and the steel unions had been notified of the job losses well in advance. Sensing opposition among steel workers, the union convened mass meetings for the first time in years in Wollongong and Hastings to block any demand to defend jobs and call for better redundancy payouts.

Union officials attempted to deflect anger over job losses by whipping up anti-Chinese chauvinism and demanding the implementation of protectionist "Buy Australian" measures. Labor Senator and former union official Doug Cameron weighed in with demagogic attacks on the country's mining giants for not investing in manufacturing.

Having ended any involvement in the steel industry, BHP offered jobs to unemployed BlueScope workers in its huge mining operations in remote northwest of Australia—thousands of kilometres from Wollongong and Hastings.

The federal government played its part in the charade with a financial inducement to move to Western Australia and the usual menu of re-training and re-skilling courses for jobs that do not exist. At the same time, it offered another \$100 million to BlueScope to become "more innovative and competitive."

Prime Minister Julia Gillard went to Wollongong for a five-hour visit that included chats with BlueScope workers from which the media was excluded. The main purpose of the trip, hailed by the local media as a "rescue mission", was to tout the government's \$30 million regional assistance package and to meet with business and union leaders.

BlueScope workers should have no confidence in the Labor government or the unions. The first step in the defence of jobs is a complete break with the union apparatus, the establishment of rank-and-file committees and the occupation of the plants in Wollongong and Hastings. Such a struggle will inevitably involve a political fight against the Labor government, which has to be based on a socialist program and a turn to other sections of workers facing similar attacks.

A socialist program involves putting the steel industry, mining sector, banks and other multi-billion dollar corporations under public ownership and the democratic control of the working class, as the first step toward the establishment of a rationally planned world economy. Its realisation requires a fight for a workers' government and the building of a new revolutionary leadership. The Socialist Equality Party will be holding a public meeting in Hastings this Sunday to discuss this perspective.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact