Australia: Jeld-Wen workers locked out in pay-cutting dispute

Mike Head
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Jeld-Wen, one of the world's largest door and window manufacturers, has locked out more than 300 workers in four Australian states as part of a drive to cut pay and conditions that flows directly from the deepening global financial crisis. Workers are currently picketing the Corinthian and William Russell door plants in Sydney, Melbourne, Adelaide and Perth.

Some of the picketers at the St Marys plant in Sydney have worked for Corinthian Doors—a family company acquired by Jeld-Wen about five years ago—for three decades and are shocked to find themselves locked out for the first time.

The lockout, originally for three days but now indefinite, was imposed after 96 percent of the workforce voted on September 6 to strike for two days to fight the company's demands. These include a pay offer of just 2.5 percent a year for three years, well below the official cost of living index of 4.5 percent. Jeld-Wen is also seeking to scrap an attendance bonus, worth between $500 and $1,500, and paid annually to those who do not take sick leave.

The Oregon, US-based private company, which in May reported that it had 20,000 employees at 123 sites in 25 countries, is taking advantage of the federal Labor government's Fair Work Australia (FWA) industrial laws, which permit employers to lock out any workers who take industrial action. Prime Minister Julia Gillard's legislation, introduced with the full backing of the trade union movement, not only outlaws all strikes—except during limited enterprise bargaining—but protects companies that pre-empt stoppages, or retaliate against them, by imposing lockouts.

Most of the door workers are already poorly paid, taking home on average about $700 a week, compared to the Australian average wage of just over $1,300. During their last three-year enterprise agreement, negotiated in 2008, Jeld-Wen demanded that they accept 3 percent annual increases because of the looming global crisis, while assuring them that they would receive better outcomes next time around.

Three years on, however, the worldwide economic breakdown has only intensified and the company is threatened by bankruptcy. *Businessweek* reported last week that Jeld-Wen, formerly run by billionaire Dick Wendt, who died last year, was labouring under a $1.2 billion debt when it negotiated a cash infusion from Canadian-based private equity firm Onex. Originally, Onex was to invest $US675 million in return for a 39 percent minority stake, but that has now had to be boosted to an $864 million purchase of a majority stake, ending Wendt family control.

Even that deal is subject to debt financing, and media reports indicate that the company could face bankruptcy if it cannot sell $575 million in bonds, which Standard & Poor's has graded as "B-minus" or "junk". The ratings agency commented that the "Great Recession" had forced Jeld-Wen to close 21 plants and shed 25 percent of its workforce since 2008. According to a New York bond reviewer, cited by the *Oregonian* newspaper, the bond issue was in doubt because of "seriously flawed" bond documents and the slump in the bond market resulting from the stalled US economy.

In other words, the company's fate now depends on wholesale cost-cutting and restructuring to satisfy the dictates of the financial markets. This means that jobs and conditions must be decimated throughout its operations, which in Australia also include Stegbar, Regency and Airlite housing products.

Despite the broad implications of the company's pay-cutting demands, the trade union covering the door workers, the Construction Forestry Mining and Energy Union (CFMEU), is determined to keep their dispute isolated within the straitjacket of the FWA legislation. It opposes linking up their struggle with those of the BlueScope Steel and thousands of other manufacturing workers being

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retrenched across Australia, and with the state and federal public sector workers confronting similar wage-cutting demands.

The CFMEU has offered the company what union spokesman Phil Davies described as further "flexibilities and productivity improvements" in return for a "realistic" wage claim. These trade-offs include concessions on penalty rates for working early or late, or during lunch breaks. When asked why the lockout had not been mentioned by union officials at the 40,000-strong rally of public sector workers in Sydney last Thursday, Davies told the WSWS he was opposed to any linkage at all between the two struggles. The public sector battle involved legislation that would not be changed for eight years, he said, while the Jeld-Wen dispute could be "won" via a new enterprise agreement.

Absurdly, the union is denying that Jeld-Wen's financial crisis has any bearing on the company's actions in Australia, insisting it is a "profitable" company that can afford to improve its wage offer. The management, however, has refused to make any significant change to its initial offer since talks with the union began in June.

In line with the FWA laws, the union has also told picketing workers at St Marys, Sydney, and at the Canning Vale factory in Perth to obey police requests to allow trucks to enter and leave the premises, permitting the company to continue its operations. At Canning Vale, one worker was injured by police who broke up a picket line.

Workers who spoke to the WSWS at the St Marys factory were angry and insulted by the company's stand. Many had worked for Corinthian door for 10 years or more. "We're not asking for the world, just a pay rise to keep pace with inflation," one said. "For that, we're being punished like five-year-olds."

Another worker commented: "This is a new experience for us. The management seems to be trying to hurt us. Six years ago, we were on strike for two or three days, but we have not been locked out before." Asked if she had a message for Jeld-Wen's workers in America and elsewhere, she said: "Stick together and stay strong."

In the course of the discussion, the strikers were shocked to hear that in the US, the United Auto Workers union and the Obama administration had imposed a pay cut of half on new starters at General Motors and that in Australia, the United Voice union had agreed to a similar 43 percent pay cut for new hires at paint company PPG. "That's what's coming here," one commented.

The workers at St Marys are from different parts of the world, and many are aware of the devastating cuts to working class conditions being inflicted across Europe. Several have also been closely following Jeld-Wen's financial woes. The union, however, is sowing the deadly illusion that Australia remains an exception to the global assault on workers, and that workers can defend their interests within a narrow industrial bargaining process.

In reality, Jeld-Wen has seized upon the Labor government's FWA laws to try to starve the door workers into submission. This is in line with Prime Minister Julia Gillard's declaration that the mass retrenchments underway at BlueScope and throughout manufacturing are part of a necessary "transition" in the economy. This "transition" essentially means matching the downward spiral of working class conditions taking place internationally in order to assist Australian-based factories to "compete" for markets.

Jeld-Wen workers cannot defeat management's cost-cutting push while they remain under the domination of the trade unions, which all back the Labor government and its pro-market agenda. What is required is a conscious turn to all other sections of the working class now under attack—in the public sector, at BlueScope and other sectors of manufacturing, in Australia and internationally—and the development of rank-and-file committees, factory occupations and other forms of struggle to mobilise the widest sections of the working class.

Such a rebellion involves a political battle against the Labor government and the unions. This struggle can be waged only on the basis of an opposed program—the fight for a socialist perspective to reorganise economic life to serve the interests of working people, not the financial and business elite.

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