

Caterpillar moves to close its plant in Tasmania, Australia

Terry Cook
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Amid a rising wave of downsizing and closures throughout the Australian mining sector, Caterpillar, the US mining equipment giant, has announced it will eliminate another 280 jobs at its factory in Burnie, on Tasmania's northwest coast, and relocate the bulk of work to a plant in Rayong Province, Thailand.

The Caterpillar workers, who make bucket loaders and bumper trucks for the mining industry, were informed 10 days ago that manufacturing would cease over the next 12 months. Only about 100 jobs in research, development and distribution would remain, for now, at Burnie. Six years ago, the plant employed more than 600 people.

The closure will also hit suppliers and contractors, adding to the jobs crisis gripping the island state, where more than 1,600 mining jobs have been scrapped in the past 12 months alone, driven by falling commodity prices and stalling demand.

Even on the vastly understated official figures, Tasmania's unemployment rate already stands at 6.6 percent, well above the national level of 6.1 percent. In the state's northwest, the rate is 7.8 percent. Among 15- to 24-year-olds, Tasmania's official jobless rate is 16.1 percent, and 17.4 percent in the state's northwest.

Caterpillar workers had been assured by the management, in partnership with the trade unions, that they could protect their jobs by accepting cuts to conditions to make the company "internationally competitive."

Australian Manufacturing Workers Union (AMWU) state secretary John Short told the media that workers had "bent over backwards, especially over the last three to four years" to reduce labour costs from more than \$120 an hour to below \$80 an hour. He declared: "They've made massive efforts, been on a four-day week at one stage, to secure their jobs and this is the

thanks they get."

Short accused people of now "running up the white flag" about the job losses, but it is the union that is doing everything it can to suppress workers' opposition to the closure. He said the union would meet with management to ask if there would be "any assistance with retraining if they (workers) were to seek jobs elsewhere."

The trade unions have not conducted a single campaign in defence of jobs in Tasmania or anywhere else for decades. Instead, they joined hands with employers to ensure "their" global "competitiveness," which has served to pit workers against their overseas counterparts and help drive an endless destruction of jobs and working conditions.

Caterpillar's director of public affairs, William Oei, claimed that the "downturn in the mining industry contributed to the decision" to axe the jobs at Burnie. The Fortune 100 company, like other transnational corporations, is ruthlessly restructuring its operations internationally.

Caterpillar launched two large plants in Rayong during 2012 to take advantage of Thailand's low wages—the country's basic monthly wage currently stands at 1,3581.9 baht (around \$A539).

Last month, the company announced it would eliminate 230 jobs in Joliet, Illinois and move the production of oil pumps and valves to a factory in Monterrey, Mexico, where the average daily minimum wage is about 70 pesos (less than \$US5). The company said the decision was necessary "to remain cost competitive."

In 2012, Joliet workers went on strike for more than three months to oppose Caterpillar's plan to slash healthcare and pension benefits, and freeze wages. At that time, pay for most workers at the plant ranged from

just \$13 to \$28 an hour.

These developments are part of a wide offensive by Caterpillar. Between June 2012 and June 2013 alone, it cut its global workforce by more than 20,000, including 4,392 in the US. The sale of company assets, including Bucyrus' global distribution network, resulted in the loss of 6,572 jobs.

The company laid off 760 production workers at its Decatur, Illinois facility, 1,400 workers at its facility in Gosselies, Belgium, and 200 workers in France. The mass layoffs, plant closures and slashing of wages and benefits enabled the company to clear \$US45,000 in profits per Caterpillar employee by 2012.

Nowhere have the unions done anything to defend their members' wages, conditions or jobs. In the United States, the United Auto Workers (UAW), the International Association of Machinists (IAM) and the United Steelworkers (USW) have long records of working hand in glove with Caterpillar and other corporations to enforce one concession after another on workers. In 2013, Caterpillar worked with the USW to enforce a six-year concessions contract on approximately 800 workers at its Global Mining facility in South Milwaukee, Wisconsin.

Caterpillar, which had sales of more than \$55 billion worldwide in 2014, also manufactures trucks and motor graders at Tullamarine in Melbourne, and retails its products in Australia through Hastings Deering and WesTrac franchises.

Like the AMWU, the Tasmanian Liberal government and the state Labor opposition have begun an operation to demoralise the Caterpillar workers and head off any action by them to defend their jobs. All these forces fear that a struggle by workers at Caterpillar could trigger a broader movement in the working class, with tens of thousands of workers facing a similar assault.

State Labor leader Bryan Green declared that he wanted to work with Caterpillar to try to "reverse the decision," without specifying what that would entail. He appealed to the federal Liberal-National government for a bipartisan effort to encourage the company to stay in the state. Federal Employment Minister Eric Abetz promptly dismissed that prospect, likening the closure to the shutting down of the car industry in Australia.

The state government which, like its Labor predecessors, is overseeing the destruction of thousands of public sector jobs, said it would establish a

"Tasmanian Taskforce" charged with "supporting workers through the redundancy process"—that is ensuring they make an orderly exit.

The taskforce, comprised of "senior business representatives, including from Caterpillar, local, state and federal government representatives"—that is, all those responsible for the assault on jobs and working conditions—would also work "to support local jobs and retain advanced manufacturing capacity on the coast".

The developments at Caterpillar demonstrate once again that in order to defend past gains workers must break decisively with Labor and the trade unions, which act at all times to defend the interests of big business and seek to divide the working class along national lines.



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