

Kodak to shut Australian plant and destroy hundreds of jobs

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Without any thought for the future of the workforce or the broader community, Kodak Australia announced in mid-September that it would close its Australian film and photographic paper manufacturing plant in Melbourne's northern suburb of Coburg by November 26.

Despite having made enormous sacrifices to make the company "competitive" and profitable, 600 production workers will be flung out of their jobs in November. More jobs will go when the company's wholesale photo processing lab shuts on October 22, with services being outsourced to another company. As well, 300 jobs in administration are likely to be axed next March.

Kodak Australia's managing director John Allen said the decision by parent company Eastman Kodak to close the Australian operations was the result of a fundamental shift away from traditional photography "using film and paper", to digital cameras. Kodak claims that the demand for film and paper has been dropping by 15 percent over each of the last two years. Reportedly one third of Australian households will own a digital camera by the end of 2004. Even now, 3.5 million Australians have one in their mobile phones.

While Eastman Kodak has invested heavily in the transition to digital photography through the acquisition of other companies, the manufacture of the new digital camera technology by its competitors is located in those areas of the globe with the lowest production costs. The *New York Times* put this bluntly in April: "Kodak, which is based in Rochester, New York, was dropped from the Dow Jones industrial average, pretty much branding it as a company whose glory days had gone." Unions now claim that Kodak is looking to open a production facility in China.

The closure of the Coburg plant concludes almost two decades of ruthless restructuring, during which both management and the unions assured workers that if they allowed downsizing and cuts to working conditions,

thereby boosting productivity, the plant would remain in operation. Over the last 15 years, Kodak Australia has carried out six or seven major restructurings; and it was one of the first companies in the country to introduce 12-hour shifts.

Throughout this period, demarcation was abolished and the workforce multi-skilled. These changes, together with the introduction of highly intensive teamwork methods, forcing each worker to police the production level of the whole team, allowed a massive shedding of jobs. The number of managerial staff was cut by half, and the total workforce whittled down from a peak of around 4,000 to just 1,300 today. Any resistance by workers brought forward a combined chorus from management and unions threatening outright closure as the only other alternative.

The Enterprise Bargaining Agreement struck by Kodak with the unions at the plant in 2000 ushered in a process of never-ending restructuring. It stated: "to be competitive on a world wide basis, the Company needs to be able to continuously improve the productivity and efficiency of its operations by ensuring that production equipment operates on a continuous basis over a 24 hour period ..."

The company used the same threat of closure to pressure governments for financial handouts. In 1989, the Hawke federal Labor government gave Kodak a \$36 million dollar subsidy, and the company was one of seven multinational corporations to share a \$63 million subsidy package from the Victorian state government in 2002-2003.

Thus, by using tens of millions of dollars in public funding to upgrade its operation, and by continuously screwing concessions out of its workforce, Kodak made its Coburg plant one of the most "efficient" producers of film and photographic paper in the world. Commenting on the process, the *Australian Financial Review* pointed out: "The threat of closure forced Coburg to reach extraordinarily high levels of quality. Some operations

achieved the near-magical 6 sigma levels of quality equating to less than 3 defects per million manufacturing operations Its manufacturing systems were among the most flexible and responsive in the Kodak world.”

Having extracted, with the help of the unions, the very last ounce of production from its Coburg workforce, Kodak is now off to chase profits elsewhere, leaving in its wake hundreds of devastated families. The northern and western suburbs of Melbourne have already been hit by multiple factory closures, with unemployment in the area surrounding the Kodak plant now 8.7 per cent, 3 percent higher than the national average.

One father of three, with 20 years service at the factory, told the media, “It feels like my guts have been ripped out” while a 26-year veteran said he “felt numb”. Another worker said “shock” was the only way to describe his feeling, pointing out that it would be extremely difficult for older employees to find alternate work.

The market, however, has welcomed Eastman Kodak’s decision. The closure of its Australian operation, combined with a global restructure, which will destroy more than 15,000 jobs worldwide, will position the company to grab an increased share of digital business. Kodak now employs about 64,000 people worldwide, down from a peak of 136,500 in 1983.

In late September, the company’s share value rose by 3.5 percent, or \$US1.11, to \$32.78 in trading on the New York Stock Exchange, the highest since January 2003. Kodak is now predicting sales of its digital products and services will increase 36 percent a year, on average, between 2003 and 2007, rather than the earlier 26 percent estimate, generating earnings of \$3 per share on sales worth \$16 billion in 2006.

The unions’ response to the Coburg closure has been to rule out any suggestion of a struggle to defend jobs. Instead, they will work to ensure an “orderly closure” by negotiating a redundancy package. Having initially crowed that “the fight to defend jobs is not over” Australian Manufacturing Union national secretary Doug Cameron announced this week that the unions would be recommending that workers accept the company’s latest redundancy offer.

David Glanz of the misnamed Socialist Alliance has called for the occupation of the Coburg plant. The call, however, is directed, not to the workers, but to the very union officials who have collaborated with Kodak management.

An occupation will only take place—and become a focal point for a political and industrial struggle in defense of

jobs—to the extent that it is oriented to the mobilisation of broad sections of workers in Melbourne, throughout Australia and internationally—above all, of Kodak workers in other parts of the world, who face similar attacks. Such a struggle can only go forward if it consciously opposes the union bureaucracy and advances a socialist perspective, challenging the very basis of the profit system itself.

Indeed, the closure of the Coburg plant, and the ruthless restructuring of Kodak’s corporate empire, poses in the starkest way the necessity for socialism. The problem is not the advent of digital technology, which, like other scientific advancements, has the capacity to immeasurably enhance life, but the anarchy of the market and the system of private ownership that subordinates all economic planning to the profit strivings of a tiny corporate elite.

Unlike corporate executives, who have myriad means at their disposal to shield their fortunes and assets when the blind operation of the market demands bankruptcy, closure or restructuring, the workers are left behind to bear the full brunt—often losing everything.

The Socialist Equality Party insists that society must be totally reorganised, from top to bottom, on the basis of social need, not private profit. We call on Kodak workers, and workers everywhere, to participate in the construction of a new socialist and internationalist party to fight for this perspective, which will involve, for the first time ever, ordinary working people exercising democratic control over economic decision-making and the circumstances of their daily lives.



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