

# Australia: Reject backroom deals! Launch an independent struggle to defend Pacific Brands jobs!

The Socialist Equality Party (Australia)  
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The Socialist Equality Party calls on Pacific Brands workers to reject the closed-door talks underway between the company, the Rudd government and the clothing union, and launch an independent struggle to save the 2,800 jobs and ten factories being axed by the company in Australia, New Zealand and China.

The backroom deal being cooked up in Melbourne amounts to a conspiracy to prevent any fight by rank-and-file workers against the closures. The Labor government and the trade unions live in fear that such a struggle would rapidly become a focus for the thousands of workers now facing shut-downs, layoffs and short-time working in factories, mines and workplaces across the country. Pacific Brands workers need to be clear: the aim of Prime Minister Rudd and the Textile Clothing and Footwear Union (TCFU) is to assist the company to effect an "orderly" closure.

To defeat the manoeuvres of the government and the TCFU, Pacific Brands workers must begin to take matters into their own hands. Mass meetings should be called, and the factories occupied, in order to make them organising centres for the development of a wider struggle. Delegations should be sent to other factories, building sites and mines to initiate a concerted industrial and political struggle throughout the working class to defend jobs, wages and working conditions.

The Pacific Brands announcement has brought home the massive destruction of jobs and conditions now starting to hit in Australia as the global economic breakdown worsens. Even since last week's announcement by Pacific Brands, many hundreds more jobs have been destroyed, including 170 at Bosch and 650 at Anglo Coal. Likewise in China, where Pacific Brands is destroying 850 jobs, and throughout Asia, millions of workers are being thrown on the unemployment scrapheap.

The government and the TCFU are pleading with Pacific Brands to save "some" jobs and avoid a "complete closure" of its Australian operations. The purpose of these appeals is to divide the Pacific Brands workforce and prevent a unified response. If successful, the company will be allowed, under the guise of a "partial victory", to shut down most of its factories, and enforce lower wages and conditions on any remaining workers.

At the same time, the union, the government and the media are trying to

stoke nationalism and a backlash against Chinese workers by peddling the line that Pacific Brands is "shifting production to China". In reality, it is shutting virtually all its factories, including two in New Zealand and its largest plant, in China, to outsource production to low-wage contractors throughout Asia.

All those calling for the defence of "Aussie Jobs" at Pacific Brands are obscuring a rather important fact: it is not workers in China or anywhere else who are responsible for the elimination of jobs. The attack is being driven by a syndicate of the "Big Four Aussie" banks—Westpac, Commonwealth, NAB and ANZ—plus the London-based HSBC.

These are very same banks that the Rudd government has been bailing out to the tune of billions of dollars, along with open-ended guarantees of deposits and loans, with absolutely no strings attached. While the TCFU is urging workers to place their faith in Rudd, the banks that his government has unconditionally backed are continuing their destructive operations around the world.

Pacific Brands provides a graphic example. As with many other factory closures, the banks are calling the shots. The company now owes them \$810 million, yet its equity value, at just 17 cents a share, has collapsed to \$88 million—from \$1.9 billion in June 2007. Its predicament is the result of years of corporate looting, combined with feverish debt-fuelled expansion, all designed to satisfy the escalating demands of the financial markets.

Private equity firms Catalyst Investment Management and CVC Asia Pacific pocketed \$1 billion in profits after buying out the business from the collapsing Pacific Dunlop conglomerate in 2001 for \$770 million, including just \$235 million in equity. CVC and Catalyst are both prominent players in the private equity market, where companies are aggressively bought, restructured and floated onto the share market.

Together with some Pacific Brands executives, the CVC consortium refloated the company in 2004, raising \$1.3 billion from the public—including Pacific Brands workers—at \$2.50 a share. The deal was hailed in financial circles, winning various awards, including AVCAL "Management Buyout Deal of the Year" and *CFO Magazine* "IPO of the Year" in 2004.

While Prime Minister Kevin Rudd and other Labor ministers are claiming "distress" at the Pacific Brands decision, and Labor MPs have rushed to the factory gates to feign sympathy, their phoney show of solidarity is just another means of trying to block any outbreak of

resistance that could trigger a wider rebellion against the Labor government and its big business agenda.

According to the government's own predictions, unemployment will rise by 300,000 this year. Other forecasts indicate that nearly two million workers will be jobless or "under-employed" by mid-2010.

### **A global corporation**

Pacific Brands is a transnational corporation. It already sources 70 percent of its merchandise from Asia, where it has operations in Vietnam, Indonesia, Bangladesh, Malaysia, Taiwan and "emerging" lower-cost regions within China. For decades, textile, clothing and footwear (TCF) companies have transferred or sub-contracted production to cheap labour areas to offset declining profitability and satisfy the demands of the financial markets for ever-higher rates of return, soaring share prices and staggering levels of personal wealth.

TCF workers, who are among the most exploited in the world, have been pitted against each other in an endless competition that has resulted in the continual lowering of wages, as well as the axing of jobs and conditions. Since 2005 alone, hundreds of thousands of TCF jobs have been eliminated in America and Europe, as well as in low-wage countries like Fiji, to pursue even cheaper labour in the sweatshops of Bangladesh, China and elsewhere.

Now, confronted by the global financial and economic crisis, governments and trade unions on every continent are seeking to divert workers from a unified struggle against the global system responsible for it, by pushing economic nationalism, whether in the form of "buy Australian," "American made", "defend British jobs" or "protect French workers".

This reactionary campaign is being supplemented by the efforts of Labor politicians to blame the Pacific Brands closures and sackings on the "sickening" pay and bonus levels handed out to the company's executives, particularly the tripling of new CEO Sue Morphet's remuneration to \$1.86 million in 2007-08. This "outrage" is a sham. For years Labor, in government and opposition, has presided over unprecedented levels of social inequality, supporting and defending such exorbitant incomes—and far, far higher ones—for the wealthy few, at the direct expense of the vast majority.

It is vital that workers begin to draw political lessons from their past experiences. Between 1983 and 1996, the Hawke and Keating Labor governments carried out the "restructuring" of the Australian economy, imposing, with the complicity of the unions, the dictates of the "free market" and the destruction of hundreds of thousands of manufacturing and other jobs. Since the 1970s, the number of TCF jobs has been cut by 60 percent, from 104,800 to 42,800, and the figures are similar in the car, steel and other industries. Under their "Accord" with the Labor government, the unions sabotaged, broke up or physically smashed every act of working class resistance, including outlawing the Builders Labourers Federation, mobilising the air force against the pilots' strike and disbanding rank-and-file shop committees.

The Rudd government will be no less ruthless as the global crisis

deepens. It is already preparing to meet the directives of the media and corporate barons for deep cuts to welfare and other social spending, on which millions of workers rely, to pay for the multi-billion dollar bank bailouts and the collapse of corporate tax revenues.

As for the unions, they are no longer workers' organisations in any sense of the term. They have been transformed into open appendages of the employers and the state, championing the need for "sacrifice" on the one hand, and anti-foreigner chauvinism on the other.

Clothing workers must reject the attempts by Labor and the TCFU to hoodwink them into accepting the closures. They must launch an entirely independent struggle to defend their jobs and livelihoods. Such a struggle must turn out to workers everywhere, and include the setting up of rank and file committees, not only in the factories but in the wider community, made up of workers, youth and the unemployed.

A decisive stand by clothing workers will generate huge support from working people across Australia, throughout Asia and around the world. Links must be established with the Pacific Brands workers in New Zealand and China, and other textile workers in Asia to organise coordinated action. The fact that the vast majority of Pacific Brands workers are immigrants from Asia and the rest of the world serves to underscore the international nature of the working class, and the necessity for a globally co-ordinated fight against the failed global capitalist system.

That is why this struggle must be guided by an entirely new political strategy and perspective, based on the overthrow of the profit system and the establishment of socialism, to meet the needs and aspirations of the working class—the vast majority—not the profits of the privileged few.

The billions of dollars that have been poured into the banks must be retrieved and used to ensure secure jobs, with decent wages and conditions, for TCF workers and all working people.

This requires the formation of a workers' government that will take the banks, as well as the major corporations, out of the hands of the financial elite, and transform them into public utilities, democratically owned and controlled by the working class.

This is the socialist and internationalist perspective advanced by the Socialist Equality Party. We urge TCF workers to open up a discussion on these issues, take up the struggle for a socialist future and join the SEP.



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