

Australia: Garment company returns to profit after axing jobs

Terry Cook
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Australian garment manufacturing company Pacific Brands paid tribute to the trade unions last week when it announced a net profit of \$52.7 million for the 12 months to the end of June, dramatically reversing a loss of \$235 million just one year ago. Investors heralded the news by pushing the company's shares up nearly 15 percent to \$1.15.

The turnaround was achieved by destroying hundreds of jobs in Australia, New Zealand and China, with the help of the unions and the Rudd-Gillard Labor government. In just 12 months, the company closed seven plants in Australia, resulting in the destruction of 1,200 jobs, three factories in New Zealand, and one plant in China, at the cost of 850 jobs.

The company's "transformation" program—outsourcing all manufacturing to contractors in cheap labour regions of the world—also resulted in another 650 redundancies among non-manufacturing employees across the company's Asia-Pacific business. Hundreds more jobs were lost at suppliers, contractors and industries that serviced Pacific Brands plants.

In a teleconference for market analysts on August 25, Pacific Brands chief executive officer Sue Morphett revealed that the return to profit was not the result of increased sales. "Underlying sales" had fallen 5.9 percent for the year, while total sales—after selling off subsidiaries and discontinuing brands—dropped by 11.1 percent. Instead, the result had been achieved at the direct expense of the company's former workers and their families.

Morphett boasted: "Our ability to maintain margins over the last 12 months through price and cost savings is a clear sign that our strategy [plant closures and job cuts] delivered." She added: "The main initiatives for cost reductions have now been implemented and the benefits are becoming more visible in our reported results."

In a media release, Morphett attributed the outcome to the collaboration of the unions in ensuring orderly plant closures. "We are extremely pleased with the way in which the manufacturing closures were managed to plan by our people in close co-operation with our unions," she stated.

"To close 10 sites in approximately 12 months and also re-source that same product off-shore without any major issues has been an excellent achievement built on the back of more than 50 years of sourcing experience in Asia."

Responding to Pacific's announcement, Textile, Clothing and Footwear Union (TCFU) national secretary Michelle O'Neil told the media: "After all their years of hard work and loyalty to the company ... the decision to end these workers' employment wasn't based on an unprofitable company, just one that wanted greater profits."

O'Neil's comments are a cynical attempt to cover up the role played by the TCFU and other unions in aiding and abetting the Labor government and the company to push through the job cuts. From the outset, O'Neil insisted that some jobs would have to go, and appealed for backroom discussions with the government and Pacific Brands management.

The February 2009 announcement of the plan to close Pacific Brands plants came as the global financial crisis began to impact on basic industry. Across Australia, as elsewhere in the world, corporations moved to restructure their operations by imposing wholesale job cuts and other cost cutting measures.

Under these conditions, then prime minister, Kevin Rudd, and his employment minister and deputy prime minister, Julia Gillard, feared that a determined struggle by Pacific Brands workers, who had undoubted widespread public support, could provide a rallying point for the entire working class to fight the destruction of jobs, wages and conditions.

Both Rudd and Gillard intervened personally, working hand-in-glove with the company and the unions, to divert the Pacific Brands workers into limited protests focussed on securing redundancy payments and other entitlements. At the same time, the unions set about whipping up nationalism, blaming low-paid Chinese workers for the closures, despite the fact that the company was also shutting down its manufacturing plant in China.

The TCFU launched a campaign to ask the Labor government to legislate a "Buy Australian" policy for all

procurement. This nationalist appeal was aimed, not at defending jobs, but at bolstering the textile manufacturers' profits. The unions worked to divide the company's workforce along national lines, and to block the development of the only viable strategy to defend jobs and conditions—a unified international struggle by the entire workforce against the restructuring process and the corporations and banks that were driving it.

The union campaign also sought to obscure the fact that the Pacific Brands "transformation" restructuring was driven by a syndicate of Australia's four major banks, which had been underwritten by the Labor government to the tune of billions of dollars through open-ended guarantees of deposits and loans.

From the outset, Gillard warned other sections of workers against imposing solidarity black-bans or preventing the removal of machinery from the plants. She declared that such actions would contravene the secondary boycotts provisions of the Trade Practices Act, exposing unions to fines of up to \$750,000. "While the government can understand the disappointment with Pacific Brands and shares the concerns for the retrenched employees, it does not condone unlawful behaviour," she said.

Rudd emphasised the issue of redundancy payments, telling the Pacific Brands workers that Gillard would write to each of them personally "about the state of your entitlements to make sure that they are guaranteed". The government promised laid-off workers they would have access to "personalised and intensive" employment services, thereby holding out the hope of alternative employment. This has proven to be yet another fraud, with union leader O'Neil admitting last week that most of those who lost their jobs had "only found short term, casual and insecure work".

Once the unions had managed to contain the dispute and get the issue out of the public eye, they gradually wound down the limited protest campaign and presided over the progressive closure of plants. The union officials were closely supported by the pseudo-left Socialist Alliance, which promoted the illusion that the unions could pressure the government into acting in the interests of the workers.

A March 2009 *article in Green Left Weekly* declared: "The government could move to nationalise Pacific Brands if it had the political will. This is the only way the jobs could be saved. If the government won't act to save jobs, then the union movement must build a campaign strong enough to give the government no choice but to act."

The ex-radicals were intent on preventing any independent movement by the workers against the government and the unions. As the *World Socialist Web Site* warned: "This is not a perspective for defending jobs. It is a perspective for convincing workers that nothing can be done, thereby

assisting the trade union bureaucracy to create as much demoralisation as possible, so that an orderly closure can proceed."

The WSWS and the Socialist Equality Party (SEP) urged Pacific Brands workers to break out of the political straitjacket of Labor and the unions, and explained that this required an entirely new political perspective—an internationalist and socialist strategy aimed at placing the resources of society in the hands of the social force that created them: the working class, which constitutes the vast majority of the population.

The SEP's statement "Reject backroom deals! Launch an independent struggle to defend Pacific Brands jobs!" explained that the starting point of such a struggle was the occupation of the factories threatened with 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."

Eighteen months later, it is critical that workers throughout the garment industry and beyond draw the lessons of this bitter experience. The fight against the onslaught on jobs, working conditions and living standards by the corporations and their political agents requires a decisive political break with Labor and the unions, and the building of new organisations of struggle—factory and rank and file committees. That struggle requires fighting for 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 transforming them into public utilities, democratically owned and controlled by the working class. That is the perspective fought for by the Socialist Equality Party.



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