

Australian General Mills strike part of global restructuring offensive

Martin Scott**9 June 2021**

The 80 workers currently on strike at General Mills' factory, in the western Sydney suburb of Rooty Hill, are facing a dual offensive. The company is seeking to impose sub-inflation wage increases and cuts to overtime payments, and the United Workers Union (UWU) is doing everything in its power to isolate the stoppage and prepare the grounds for a sell-out.

From the opening minutes of the industrial action last Friday, UWU officials have sought to prevent workers from speaking to Socialist Equality Party (SEP) members, demonstrating their role as an industrial police force, intensely hostile to an international socialist perspective. The attacks on the SEP are the sharpest expression of a broader effort by the union to ensure that production at the plant continues during the strike, and that it does not become the focal point of a wider mobilisation of the working class.

A central component of this UWU campaign is its suppression of key information about the dispute from the strikers themselves, and from workers more broadly. While the union has made reference to the company's multi-billion dollar profits, it is trying to stop workers from becoming aware that their struggle is intimately connected with those of workers throughout the world.

In fact, the strike at General Mills' Sydney factory takes place in the context of a major global restructuring initiative by the US-based company, which is ranked 169 on the list of Fortune 500 corporations.

While the Sydney plant manufactures Old El Paso Mexican food products and Latina Fresh pasta, the company also produces Uncle Tobys and Nestlé branded cereal products for the Australian market, through a 50/50 partnership with the Swiss food and drink giant. Some 32 jobs were slashed at the Uncle Tobys factory in the north-east Victorian town of Wahgunyah in September 2020.

Globally, General Mills produces food under numerous well-known brands, including Betty Crocker, Pillsbury, Häagen-Dazs, Yoplait, Cheerios, Annie's and Wanchai Ferry. In recent years, the company has expanded into pet food, purchasing Blue Buffalo in 2018 and announcing last month that it will acquire Tyson Foods' pet food business.

Last Friday, the company revealed that it expects to incur up to \$160 million in restructuring expenses, primarily severance payments, in the current financial year. General Mills has signalled that it will slash 700–800 jobs in North America, and 500–600 internationally over the next three years.

So far, the company has indicated that the bulk of these cuts will

be at its Minneapolis, Minnesota headquarters and at offices in Berkeley, California and Austin, Texas, which will be closed.

General Mills also announced a reshuffle of its executives, including eliminating the positions of global chief marketing officer and president of Europe and Australia, suggesting the company is shifting its focus to the North American market, which accounts for around 80 percent of net sales.

Even prior to the main impact of the pandemic, in the fiscal year ending May 2020, the company had identified "declining business performance" of the Europe and Australia unit, which accounted for 10 percent of net sales, but only 3 percent of operating profits. Former president of Europe and Australia, Bethany Quam, was promoted to the pet food division, which represented a similar share of sales, but 11 percent of the company's profits.

The recently-announced cuts come after the company reported a 27 percent year-over-year increase in operating profits for the quarter ending February 28, and an 8 percent gain in net sales over the same period. In the year to February 28, General Mills recorded \$18.6 billion in net sales, and operating profits of more than \$3.4 billion.

In reference to both the financial results and the restructure, CEO Jeff Harmening said last month: "In any number of ways, we'll end this pandemic as a stronger company than when we started."

In fiscal year 2020, Harmening's total remuneration was \$15,837,590, while the next five most highly-paid executives received a total of \$24,364,735. In the same period, workers employed as "general operators" at the Rooty Hill factory were paid a base rate of around US\$38,000, less than one four-hundredth of the CEO.

In large part, General Mills' strong financial results have come as a result of increased demand for the company's products, as customers have been forced to eat at home by the coronavirus pandemic.

While these gains are temporary and primarily the result of external factors, the demands of the shareholders dictate that such profits must continue. That requires cost savings to be found, meaning workers' pay and conditions have to be slashed.

More than three-quarters of General Mills' stock is owned by major institutional investors. The company's three largest investors are The Vanguard Group (8.38 percent), BlackRock (7.78 percent) and State Street Corporation (5.31 percent)—the so-called "Big Three" index funds—which together, hold about 80 percent of all indexed money—around \$19 trillion.

Three other funds, all part of the Capital Group, collectively own almost 11 percent of the company's stock, and around 20 percent more is held by other major US banks and investment funds.

General Mills workers, whether in Rooty Hill, or at any of the company's 38 other plants around the world, should be clear. Every management decision is driven by the interests of these massive financial institutions, which scour the globe for the highest returns on investment, and dictate an unending assault on jobs, wages and conditions everywhere, in order to drive up profits.

While the global pandemic has accelerated the company's restructuring plans, the recently announced job destruction is merely the latest in a long series of cost-cutting initiatives over many years.

The company's Holistic Margin Management (HMM) scheme has been in operation since 2005, resulting in billions of dollars of annual cost savings, including \$2.4 billion between 2010 and 2015. Its purpose is to continuously drive down expenditure across every division of GM's operations, thus boosting shareholder returns.

Since 2005, General Mills has closed at least 21 plants globally, directly resulting in the destruction of more than 5,660 jobs. The company's factories in East Tamaki, New Zealand and in Melbourne were shut in 2016 and 2018 respectively, resulting in the loss of more than 600 jobs, and leaving Rooty Hill as General Mills' sole production facility in Oceania.

Having reached a peak of 43,000 employees worldwide in 2014, General Mills embarked on three major restructuring projects, Project Catalyst, Project Century, and Project Compass, resulting in the slashing of 1,795 jobs by May 2016. By 2020, the company had around 35,000 employees, meaning more than 18 percent of the workforce was eliminated in just six years.

Around 5,000 of these job cuts have come since 2018, when the introduction of the Tax Cuts and Jobs Act by the Trump administration meant the company paid an effective tax rate of 2.7 percent, resulting in a net benefit of \$524 million. While the effective tax rate paid by General Mills has climbed to around 18 percent in subsequent years, that is still an average of around 12 points less than before the corporate rate was lowered to 21 percent.

The restructuring at General Mills is part of a global process, throughout the food industry and the broader economy. With the full support of the trade unions, major multinational corporations have slashed tens of thousands of jobs around the world. Now, they are using the pandemic crisis to intensify a pro-business restructuring, which aims to return the conditions of the working class to those that existed in the 1930s.

Critical conclusions must be drawn from this record, as well as the nature of General Mills and similar food production companies.

Firstly, all of the cuts that have been carried out over recent years have been enforced by the trade unions. As in every sector, they function as an industrial police force of management. Workers cannot defend a single job or condition through these thoroughly corporatised entities.

New organisations of struggle are required. Independent rank-

and-file committees must be established at the Rooty Hill plant and at food production facilities everywhere. This is the only means of breaking the isolation of the current strike by the union, and developing a genuine industrial and political fightback against the restructure, based on the demands of workers themselves.

Secondly, the scale of GM's global onslaught demonstrates that the company's cuts cannot be fought at one facility alone. Workers at Rooty Hill must turn to their colleagues at the company's plants throughout the world, who confront the same attacks on their jobs and social rights.

The company is organising its restructure based on an international strategy. Workers need their own global perspective. Joint action by workers at the company's plants around the world would paralyse its operations, and win support from staff throughout the food industry. The unions, based on a nationalist program, do everything they can to prevent such an international struggle.

Finally, the restructure is being dictated by the massive financial institutions that dominate the global capitalist economy. Workers are not only in a struggle against an individual management and its company union, the UWU. They are in a fight against capitalism, which subordinates workers' jobs, conditions and every other social right, to the profit interests of a tiny oligarchy.

The alternative is the fight for workers' governments and for socialism. Struggles that emerge, including the GM stoppage, must have, as their guiding perspective, the transfer of the food production companies, along with the major corporations and banks, to public ownership and democratic workers' control. They must be operated to meet the needs of society and of the working class as a whole. This socialist perspective is the only viable means of ending the continuous profit-driven restructuring, and securing the social rights of workers everywhere.



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