

# Lockout of Essity workers in New Zealand in third week

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For more than a fortnight 145 factory workers in Kawerau, a New Zealand town with a population of about 7,000, have been locked out by Essity, a Swedish-based multinational company. The Kawerau plant makes well-known brands such as Purex and Sorbent toilet paper and Handee paper towels.

Essity management took the brutal step on August 9 after workers took limited strike action, having rejected a pay increase of just 3 percent over three years and a lump sum payment of \$4,500. The offer was well below the increased cost of living, with New Zealand's annual inflation rate at 7.3 percent.

Throughout the world, governments and corporations are seeking to force workers to accept wage cuts and attacks on their conditions in response to the economic crisis triggered by the COVID pandemic and made worse by the US-NATO war against Russia over Ukraine.

Workers are being driven into struggle. Major strikes are erupting in Britain, the United States, and Australia. In New Zealand, thousands of healthcare workers and firefighters have recently held nationwide strikes, opposing low wages and unsafe working conditions. On August 24, 100 workers at packaging manufacturer Visy held a one-day strike, demanding a 10 percent pay rise.

Essity is a multinational Swedish-based company with 46,000 workers. It is the world's second-biggest maker of toilet paper and tissues and also produces sanitary products, facemasks and bandages, among other products.

The company is making significant profits during the pandemic. In the first half of 2022, net sales increased 27.8 percent compared with the same period last year. Chief executive Magnus Groth boasted of "record growth and higher sequential profit" due to "significant

price increases," a bigger market share and new acquisitions. Profit for the first six months of 2022 was 2,194,000,000 Swedish Krona, which is nearly \$NZ331 million.

The Kawerau dispute shows that Essity is seeking to further boost its profits by driving down real wages. The company is relying, above all, on the assistance of the trade union bureaucracy to impose a sellout deal.

Until this week, the corporate media had published only brief reports about the lockout, keeping workers around the country largely in the dark. After an initial article on August 9, the local *Bay of Plenty Times* finally published an update on August 23, which said "no end is in sight" for the lockout. An Essity manager told the newspaper that the lockout was imposed after 19 days of strike action.

Pulp and Paper Workers Union (PPWU) secretary Tane Phillips told the *Times* that "the company is not willing to move on the lockout." A union delegate, Roger Coffin, said he was concerned some young employees, or those on temporary contracts may be struggling financially. The Council of Trade Unions (CTU) has not made any statement on the lockout.

The unions are pro-capitalist organisations, which long ago ceased to represent the interests of workers, even in a limited sense. They collaborate with management and have close ties to the Labour Party government. The PPWU's Phillips is senior vice-president of Labour's Māori organisation.

The union's aim since the start of the dispute has been to isolate the Kawerau workers and prevent them from joining forces with other sections of the working class to oppose the government and corporate attacks on wages and conditions.

The *World Socialist Web Site* spoke with Phillips by phone on August 22. He said the lockout was preceded

by industrial action by 62 of the plant's workers, who had held regular 48-hour strikes "every couple of weeks for a while" during July-August.

Asked why the union had not announced these strikes publicly at the time and had kept the working class in the dark about the dispute, Phillips said: "We find that if you do that, then everyone [i.e. the company] takes it very personally and they get into trench warfare pretty quickly." He added that the union's relationship with management was "normally pretty good" but that the lockout had "caused animosity" and it would take a "long time to heal."

Phillips said the union wanted to go into talks with Essity management facilitated by the government's Employment Relations Authority, and it was necessary to "kind of keep quiet while you're doing that kind of stuff."

The PPWU has only asked for a pay rise to match inflation, which would effectively be a wage freeze. Phillips added, significantly, that the union is prepared to negotiate "something lower," as long as it is not as low as the company's offer. He similarly told Radio NZ on August 9: "We will negotiate, but we cannot accept 3 percent."

The union's strategy, bluntly, is to help Essity starve the workers into accepting a sellout.

The Socialist Equality Group calls on locked out workers to rebel against the unions' efforts to isolate them and to form a new organisation: a rank-and-file factory committee independent of the union. Such a committee, run democratically by the workers themselves, would fight to break the near-blackout imposed by the media and the unions, and to link up in a united struggle with workers across the country and internationally against the austerity policy of the government and big business.

Workers can only fight a multinational corporation if they adopt an international strategy. An appeal should be made to the tens of thousands of Essity workers in Australia and other countries to expand the fight for decent wages and conditions for all. The trade unions, as nationalist organisations, are hostile to such a strategy and seek to keep workers in different parts of the world isolated from each other.

The SEG also warns that workers face a struggle against the Labour Party, which represents the interests of big business. Jacinda Ardern's Labour government

has used the pandemic as the pretext to funnel tens of billions of dollars to the rich, while workers face declining real wages. This year, at the behest of the corporate elite, the government has kept schools and nonessential businesses open, allowing COVID-19 to spread out of control, resulting in about 2,000 deaths so far.

Kawerau is one of the poorest towns in New Zealand. In the 2018 census, Kawerau had an unemployment rate of 10.1 percent (compared with 4 percent nationwide) and only 34.2 percent of people aged over 15 were employed full-time (compared with 50.1 percent nationwide).

The town has a long and bitter experience of pro-business restructuring under successive Labour and National Party governments, imposed with the collaboration of the trade unions.

The Tasman paper mill, once the main employer, suffered repeated restructuring and job cuts after David Lange's Labour government removed import controls and industrial subsidies in the 1980s, and began privatising state-owned industries, including forestry. In the 1990s, the mill's workforce was slashed from about 2,000 to lower than 1,000, and there was further downsizing over the next decades. In 2021, the mill's then-owner Norske Skog finally closed it down entirely, with the last remaining 160 workers made redundant.

This history points to the need for workers to take up the fight for socialism in opposition to every party in parliament and the unions. The wealth and resources produced by the working class should be used, not to accumulate profits for wealthy shareholders, but to address human needs, including the provision of high-paying jobs, with good conditions, and a high standard of living for all. The SEG calls on workers who agree with this perspective to contact us today.



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