

# Essity ends lockout in New Zealand after unions impose sellout deal

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On September 14, toilet paper manufacturing company Essity agreed to end its lockout of 145 workers in the New Zealand town of Kawerau, after they voted to accept a below-inflation pay agreement. Workers will return to the factory next week.

The lockout began more than five weeks ago, on August 9, after workers rejected a pay offer of just 3 percent a year for three years and 67 workers took limited strike action. The Swedish-based multinational company's aim was to starve workers into submission. Its actions demonstrate the ruthlessness with which the ruling elite is prepared to act, as it seeks to impose the burden of the global economic crisis on the working class.

The deal finally imposed, with the crucial assistance of the trade union bureaucracy, is an effective pay cut. According to the Pulp and Paper Workers' Union (PPWU), it includes "a 5% increase and a \$4,000 lump sum in 2022, a 4.5% increase and a \$3,000 lump sum in 2023 and a 4% increase in 2024."

The PPWU hailed the agreement as a victory, falsely calling it a "cost of living increase," which "keeps workers' incomes ahead of forecast inflation." This has been echoed throughout the media and by various union leaders and fake "lefts."

A statement from the Council of Trade Unions (CTU) called the deal "a victory for working people." The Unite union's Facebook page proclaimed: "Yet again working class solidarity bests corporate greed! Imagine what we could achieve if we all stood up to this kind of bullying!?" A FIRST Union official tweeted that the deal was "great to see." Pro-Labour Party pundits such as ex-union official Neale Jones, columnist Morgan Godfery and broadcaster Shane te Pou all made similar statements.

The bureaucracy is celebrating what is, in fact, a

significant defeat for workers. With annual inflation at 7.3 percent, Essity's 5 percent raise this year is obviously a pay cut in real terms. The extra \$4,000 will not even cover wages lost during the lockout. Moreover, the cost of basic items is outstripping inflation: food prices increased by 8.3 percent in the past year, the biggest jump in 13 years.

There is no reason to believe living costs will fall in future. In Britain, inflation is 9.9 percent and in the US 8.3 percent, fuelled by the ongoing US-NATO war against Russia and supply chain disruptions exacerbated by the pandemic. Internationally, workers are being driven into major strikes, which the union bureaucracy is desperately seeking to isolate and defeat.

The PPWU's aim from the outset of the dispute was to isolate the Kawerau workers and prevent them from joining forces with other workers throughout NZ and internationally. When 67 Essity workers took strike action for several days during July–August, the PPWU kept quiet about it, keeping the working class in the dark. After the company responded with a lockout, the PPWU and the media issued brief reports and then remained silent for the first two weeks.

PPWU leader Tane Phillips—who is also vice-president of the Labour Party's Maori organisation—told the WSWs on August 22 that his aim was to ease tensions with management. He also confirmed that he was willing to negotiate a below-inflation deal.

Essity then took drastic steps to crush workers' resistance. On August 26, the company blocked workers from withdrawing money from an Essity-controlled superannuation savings scheme. A few days later, the PPWU revealed that Essity was taking legal action against 67 workers, seeking a total of \$542,852, for what the company alleged was "unlawful" strike

action.

Essity, a highly-profitable, multinational company with 46,000 workers worldwide, conducted a propaganda campaign in the media, claiming that it could not afford a decent pay increase, which it said would lead to redundancies.

With growing support for the Kawerau workers from workers around the country, the union bureaucracy intervened in order to maintain control over the dispute and stop it from spreading. After more than a month of silence, the CTU issued its first statement on August 30, criticising Essity for “trying to intimidate this union,” and appealed for donations to support the locked out workers.

Despite the unions collecting tens of millions of dollars every year in dues, the locked out Kawerau workers faced significant hardship, with some forced to apply for state welfare to pay their rent and other bills. The PPWU distributed \$200 supermarket vouchers and \$50 fuel vouchers on a weekly basis, well below what is needed to support a family.

The PPWU has not released a breakdown of the vote to accept Essity’s revised offer, which had been recommended by the state’s Employment Relations Authority (ERA). Phillips told Radio NZ: “It wasn’t unanimous but it was heavily in favour.”

A locked out worker who spoke to the WSWS said he felt that workers were “between a rock and a hard place” and “had to take” the deal. He had mixed feelings and, while relieved that the lockout was over, he did not view it as a major victory.

Some workers argued at Wednesday’s meeting that if they rejected the offer they would lose public support. The day before the vote, union members found out about the offer through the media, which placed additional pressure on them to accept. While the union remained silent, Essity had issued a statement saying it had accepted the ERA’s recommendations and it was “in everyone’s best interests” for workers to vote in favour.

The company made another veiled threat of job cuts, saying: “Economic pressure has seen one other major plant close over last year and another reduce jobs and pay rates to stay competitive. In the last 12-months, two other suppliers have left New Zealand because of cost pressures.”

The events in Kawerau demonstrate that workers

cannot rely on the unions to defend their interests. These organisations are staffed by a highly-paid upper middle class bureaucracy, which has close ties to the Labour Party government and is hostile to any working class movement against capitalism. For decades, they have told workers that they must sacrifice hard-won conditions and wages in order to keep companies profitable and internationally competitive.

In this dispute, the bureaucracy assisted Essity in its efforts to isolate and starve workers into accepting a sellout. The fact that the CTU and other unions are applauding the outcome is a clear indication that they are preparing to impose similar below-inflation deals on other workers who are entering into struggle, including firefighters, manufacturing and healthcare workers.

To unite workers in every industry in a real fight against government and corporate austerity, will require a rebellion against the unions and the building of new organisations that workers themselves control: rank-and-file workplace committees, independent of the unions and the political establishment.

Such committees will also seek to forge links with workers internationally, in opposition to the unions which try to divide workers based on nationality. The PPWU made no appeal to Essity’s tens of thousands of workers around the world to carry out a unified struggle, which is essential to defeat a multinational corporation.

We urge workers to contact the Socialist Equality Group today to discuss these vital issues.



To contact the WSWS and the  
Socialist Equality Party visit:

**[wsws.org/contact](https://wsws.org/contact)**