# The bankruptcy of Kodak

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With the bankruptcy of Eastman Kodak on Thursday morning, another iconic American corporation is seeking court protection. The bankruptcy filing is the culmination of two decades of layoffs and downsizing that have reduced what was once a dominant manufacturer of photographic equipment to a shell of its former self.

As always, the court-supervised proceedings will be used by the company as an opportunity to further its attack on workers and its tens of thousands of retirees, who will see health benefits slashed or eliminated altogether. Kodak currently employs about 18,800 workers, after cutting 47,000 jobs and shutting down 13 manufacturing plants since 2003.

If and when the company emerges from bankruptcy, it will likely be much smaller, “restructured” to ensure a sufficient return on investment for its major investors.

Among the immediate factors behind Kodak’s remarkable decline over the past two decades has been its failure to compete in digital photography. Its rise and fall, however, reflects the crisis not just of one company, but of American capitalism as a whole.

Kodak, headquartered in Rochester, an industrial city in upstate New York, was founded in the 1880s. It grew rapidly in the first half of the 20th century, and was a pioneer in consumer photography, paralleling the rise of auto production and other mass industries in the United States. It developed the first film stored in a roll, the first hand-held camera—a version of which was broadly available to consumers at the price of $1—and the first 35mm color film, invented in 1935.

By 1927, Kodak had grown to employ 20,000 workers. This rose to 60,000 in 1946, 100,000 in 1966, and 120,000 in 1973. It continued to grow in the 1980s, though the expansion of production was largely supplanted by the acquisition of diverse subsidiaries such as printing and medical imaging. Employment peaked at 145,300 in 1988. In just over two decades, its workforce has been slashed by about 83 percent.

By the mid-1980s, Kodak came under intense competition from film manufacturers in Asia, particularly Fujifilm. In the 1990s, it lost more and more market share to digital camera producers Canon, Sony and Nikon. The company has responded to an investor backlash driven by its failure to deliver sufficient returns by selling off large sections of its operations and shutting down plants.

Whatever the specifics of Kodak, however, its history closely traces that of American manufacturing as a whole. The number of manufacturing workers in the United States stood at about 10 million in 1940, increasing to a peak of close to 20 million in the late 70s, before collapsing back to under 12 million today, even as the population has continued to grow.

The American ruling class responded to growing global competition by organizing, with the support of the trade unions, a ferocious attack on the working class in the United States. The vast fortunes built up over the past three decades have been bound up not with expanding production, but through speculation, the looting of corporate assets, the dismantling of plants, and a drastic lowering in the living conditions of the majority of the population.

The assault on the working class is continuing under the Obama administration. To the extent that there is any attempt to revive production in the United States, it is on the basis of slashing benefits, eliminating “legacy” costs such as retiree health care, and reducing the wages of workers to poverty levels.

It is notable that Kodak’s current CEO, Antonio Perez, is a member of Obama’s “Jobs and Competitiveness Council,” headed by General Electric CEO Jeffrey Immelt. The council, which consists largely of corporate executives along with representatives of the AFL-CIO, released a report on Wednesday, “Road Map to Renewal,” whose strategy for increasing employment is to eliminate regulations and slash corporate taxes.

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The model for this "recovery" has been the auto industry, which under the guidance of the Obama administration and bankruptcy courts slashed wages for new hires in half, cut retiree benefits and eliminated tens of thousand of jobs. A tiny fraction of lost auto jobs has been recovered, while profits for the companies and returns for investors have shot upward.

Over the past decade, US manufacturing unit labor costs have fallen by more than 10 percent, compared to a rise of 3 percent in Japan and 41 percent in Germany, according to an article in the *Financial Times* on Wednesday. The *Times* quotes Chad Moutray, chief economist for the National Association of Manufactures: "A lot of our members tell us that it sometimes is cheaper to produce in the US, because labour costs are lower." The administration has adopted the term "insourcing" to describe this process.

The political establishment has responded to the economic crisis through the massive transfer of resources to the banks and the categorical rejection of any government program to address mass unemployment. On Wednesday, praising the jobs panel, Obama once again insisted that "the economic recovery has to be driven by the private sector."

The decline of American capitalism and the social and economic processes that are revealed in the bankruptcy of Kodak have created the conditions not for "economic recovery," which is nonexistent for workers, but for a revival of the class struggle.

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