

# UK: Unions prepare to sell out jobs fight at Rolls-Royce

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29 February 2008

At the beginning of this year, aircraft engine manufacturer Rolls-Royce announced plans to axe 2,300 highly skilled jobs, about 6 percent of its 39,500 global workforce. The company is the world's second largest manufacturer of jet engines after the American giant General Electric, with a 36 percent share of the market. Most of the job losses are expected to hit the company's 23,000-strong UK workforce and affect white-collar workers based at its main site in Derby.

The latest announcement follows hot on the heels of the company's decision last year to close the Netherton oil and gas turbine plant in Bootle, with the loss of 206 jobs, and transfer production to the US by the beginning of 2009. Workers at Netherton have voted almost unanimously at a mass meeting to hold a ballot for industrial action.

Financial analysts have welcomed the latest cost cutting. "Essentially Rolls-Royce has become more efficient from ongoing productivity initiatives in recent years and needs to employ less admin and support staff," said Numis Securities.

The company said the job losses were necessary to keep its competitive edge and was part of a continuing programme. "We are determined to create a leaner and more agile support structure, better suited to the global markets in which we operate.... These actions will also help the group to mitigate external headwinds such as increasing raw material costs and the weak dollar," a spokesman said.

Energy prices are at record highs as are the prices of metals such as cobalt, nickel and titanium. The weak dollar—languishing at a 26-year low against sterling—has had a detrimental effect on many global companies like Rolls-Royce, which use it for their international business transactions. Because costs are calculated in sterling whilst aircraft engines are sold in dollars, every one percent increase in the value of sterling costs the company £12 million. The European Aeronautics Defence and Space Company, manufacturers of the Airbus, has called the plummeting dollar "life threatening."

Sir John Rose, chief executive of Rolls-Royce, has warned that more UK workers will lose their jobs as the company shifts production to lower-cost, dollar-denominated areas of the world. "Ninety percent of our revenue comes from outside the UK, and the manufacturing balance will continue to move that way," Rose explained. "Over time we will increasingly ensure that our supply chain is either dollarized or low-cost so that we can get a hedge against the dollar."

As part of that shift in production, Rolls-Royce announced late year that it plans to invest £150 million in new facilities in Singapore and the US. The Singapore facility will assemble and test the engines used to power the new Boeing 787 Dreamliner and its rival, the Airbus A350 XWB aircraft. The North American plant to be built in Virginia will produce engines for the growing corporate jet and military markets.

The UK's biggest union, Unite, which represents workers at Rolls-Royce and has 2 million members nationwide, reacted to Rolls-Royce's announcement by solidarising itself with the company. Bernie Hamilton, Unite's national officer for aerospace, said, "We understand the competitive nature of the aerospace sector and the disproportionate effect that the weakened dollar against the pound is having on the industry. Unite will do everything it can to help the company remain competitive, recognising that this announcement comes at a time of a healthy order book and recent successes in gaining new orders. Any jobs lost are disappointing, but we will not accept any attempt to make compulsory redundancies."

There was no question of uniting the workers threatened at Derby and elsewhere with those at Netherton. There, the union has striven to divert the workforce's opposition to closure into a nationalist campaign to save British industry and futile appeals to shareholders, Members of Parliament and the government to put pressure on Rolls-Royce management to change its mind.

That opposition multiplied when Rolls-Royce announced on February 7 that it had made record profits of £800 million (\$1.6 billion) in 2007, resulting in a windfall 36 percent increase in dividends for shareholders. Orders worth £46 billion (\$90 billion) were also reported to be at record levels, representing a staggering increase of 76 percent on last year—mainly as a result of the aviation boom in the Middle East, India and China. Predictions are that by 2010, Rolls-Royce engines will power more than 500 aircraft in China alone, up from just 41 in 1994.

The company has brought in three new engine production programmes over the last six months. One is for the Dassault Falcon business jet, another for the Airbus A350 XWB, and a third for the Robinson helicopter, which will give it access to a market believed to be worth nearly £100 billion (\$196 billion) over the next 20 years.

On the same day as the company announced record profits, the government made it clear that it rejected calls to keep the Netherton plant open. Enterprise secretary John Hutton said he had

to accept the company's "commercial decision," although his department would offer "generous" incentives to other companies to take on the sacked workers.

Despite the government's declaration, Unite joint General Secretary Tony Woodley told a 400-strong demonstration in Liverpool on February 9 that he would ask Prime Minister Gordon Brown to "personally intervene" to save the plant. A petition containing 20,000 signatures would be handed in to Downing Street.

Woodley said, "This is a blue chip, major British manufacturing company, they rely on our government for orders and grant aid and they have had tens of millions of pounds from this government in the past. My message is this: if they can't support our country and our jobs, then they are not entitled to taxpayers' money for projects in the future."

After the demonstration Unite regional officer Debbie Brannan told the *Liverpool Echo*, "The lads are angry and upset at this decision. But the announcement that our case will soon be put to Gordon Brown was positive news which cheered many... We are still fighting and we believe there is light at the end of the tunnel."

The union also told the workers to put their faith in the Parliamentary Business, Enterprise and Regulatory Reform Committee, which interviewed Rose on February 21 as part of its inquiry into "Creating a Higher Value-Added Economy" in the UK.

The committee has already proved to be a dead-end. When asked, "Would Rolls-Royce rethink its decision to close an assembly plant in Bootle, with the loss of 200 jobs?" Rose brushed aside the suggestion saying, "We have made the decision on this."

This writer has a sense of déjà vu as the events unfolded at Rolls-Royce, remembering well the closure in 1993 of the Leavesden helicopter engine plant I worked at with the loss of 2,500 jobs. It has vital lessons for workers who want to defend jobs today.

Leavesden was one of the first Rolls-Royce factories to transfer the production of its specialised components abroad to places like South Korea and cut costs on research and development by initiating closer collaboration with European helicopter engine manufacturers. The company then announced it intended to shut the plant, transfer some of the design and manufacturing to other UK plants but outsource the majority abroad.

The union and the joint shop stewards committee responded to the announcement by launching a nationalist campaign to keep the jobs in Britain and for workers to lobby the management, shareholders and local MPs. The union drew up an "alternative business plan," which involved some of the workers being sacked and the rest becoming multi-tasked to cover their work. The union leadership offered to police an agreement, placate industrial unrest, increase productivity and guarantee profits.

Calls from the workforce to occupy the plant and spread the action to other plants to defend jobs was bitterly denounced by the union bureaucracy, which insisted that it would be more "reasonable" to try to convince the company that the union was on its side.

In the end the factory closed. The union bureaucrats locked the gates on the last day, declaring their campaign a "victory" for having negotiated a meagre increase in redundancy payments and

the transfer of some staff to other plants, in some cases hundreds of miles away. Even for the workers who kept their jobs, the days of relatively high wages were to become a distant memory.

What the union carried out at Leavesden has happened at regular intervals ever since, helping the company to restructure and prevent opposition arising in the workforce. Rose has given ample warning that more UK workers will lose their jobs as the company shifts production abroad.

In the past, despite their over-riding allegiance to British capitalism, the trade unions could still use strikes and other forms of industrial action to pressurise companies that remained tied to the national economy to grant improved wages and conditions. Today, however, the union leaders have responded to the globalisation of production and the international mobility of capital by working to impose whatever attacks are considered necessary in order for the major corporations to maintain a competitive position on the world's markets. Whatever their occasional professions of opposition, they function as a second arm of management.

It is impossible for workers to defend their interests within the framework of the old trade unions. The prerequisite for Rolls-Royce workers conducting any viable fight to defend their jobs and living standards is irreconcilable hostility to the union leadership and to organise independently of them based on an entirely new political strategy.

Rolls-Royce workers should take the struggle out of the hands of Unite through the formation of independent committees of workers in every threatened factory. An appeal should be made to workers at Rolls-Royce sites throughout Britain and internationally to wage a united offensive against the corporation that reaches out to workers across the world facing similar attacks by the aviation industry giants.

The transformation of the all the old labour organizations based on a nationalist programme into direct instruments of the employers points to the necessity for workers to build new organisations based on an internationalist and socialist perspective. Ultimately workers face a political struggle to take power and reorganize economic and political life in the interests of the vast majority, not the wealthy few. The productive and technological resources contained in the aviation industry can no longer remain the personal assets of corporate executives and shareholders. They must be placed at the disposal of society as a whole by putting the industry under public ownership and the democratic control of working people.

That fight begins with a political rebellion by the rank-and-file against the class collaborators who head the unions and a decisive repudiation of the meaningless round of half hour or hour-long strikes, appeals to Brown and protests outside the shareholders annual meeting in London they will advocate in the coming weeks as a substitute for a genuine fight to save jobs.



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