Britain: Van maker LDV sacks more than 800 workers

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Last week, administrators PriceWaterhouseCoopers announced that nearly all 850 workers employed by the Birmingham-based van maker LDV are to be made redundant. The decision came after the breakdown in talks between the Russian owners of the firm, Gaz, and the Malaysian firm, Weststar, which had expressed interest in buying the company.

A skeleton staff of 40 will remain at the plant in Washwood Heath to maintain the site. Jobs are expected to go among the 1,200 staff employed at the firm's dealerships and another 4,000 workers involved in LDV's supply chain.

LDV was the largest private sector employer in the deprived area in the east of Birmingham. According to the most recent data from May 2008, Washwood Heath has a higher unemployment rate than city average, at 21.8 percent.

Over the past two decades, LDV has lurched from crisis to crisis and has been bought and sold by a succession of international companies. Prior to 1987, the firm had been part of the Leyland Trucks and DAF Trucks groups. In 1992, its parent company, Leyland Daf, collapsed and the firm was taken over for £8 million in a management buyout, supported by venture capital firm 3i.

In 2000, Daewoo, one of the firm's South Korean partners, went into bankruptcy. In 2005, an investment firm, Sun Capital/Sun European Partners, bought out the company in a "pre-pack" administration, with 3i selling its stake. The following year, it was taken over by the Gaz Group, controlled by Russian oligarch Oleg Deripaska.

At the time, Gaz was Russia's second-largest auto firm and the seventh-largest maker of commercial vehicles worldwide. The intention was to manufacture a version of LDV's Maxus van for the Russian market. But the global recession hit new vehicle sales, and Gaz stated that it had run out of funds to keep the plant functioning.

The factory has been essentially mothballed since the start of the year. Production ceased just before Christmas, and workers were put on half pay in April—leaving many living on just £150 a week. By June, it is estimated that the firm had run down its inventory to only 500 vehicles.

Weststar had provisionally agreed to take over LDV and to restart production in July to expand production of vans in Malaysia. But PriceWaterhouseCoopers was called in on June 2 to wind up the company. The firm owed creditors £70 million (US$112 million).

The government of Gordon Brown allowed LDV to go into administration. On the basis of the proposed Weststar deal, it had pledged a four-week loan of just £5 million on May 5 to keep it afloat. It had earlier rejected two loan requests from LDV for between £45 million and £50 million. Ministers stressed that the £5 million loan was a "one-off" and that it did not mean that it was going to hand over further public money to companies threatened with bankruptcy.

Of this loan, just £1.4 million was drawn down under guarantee from the Malaysian group, before the firm announced it was unable to secure any more funding to complete the deal.

In the days leading up to the collapse of the Weststar takeover, LDV again sought a £60 million loan but was told that due to the government's impending Cabinet reshuffle, there would be no ministers available to meet them.

According to the *Financial Times* on June 2, "It is understood that Weststar, closely linked to the Malaysian government and military, failed to secure funding from three significant investors. The group then asked the Department for Business for a £45m bridging loan. Ministers rejected the plea on the grounds that private investment was unavailable and that LDV's chances of survival were poor."

In March, a government spokesman said, "Our position

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remains broadly the same. We have consistently said that without support [for LDV] from Gaz, we cannot give further assistance."

LDV was one of the smaller producers in the van market and usually manufactured fewer than 10,000 vehicles annually. LDV had not made a profit since 2004 and last year lost £44 million.

The future of the van-making and light commercial vehicle facilities of Ford at Southampton and Vauxhall at Luton have also been thrown in doubt as a result of the global recession and a resultant collapse in demand.

Sales of vans internationally have fallen by 60 percent over the past 12 months.

Job losses are also threatened at Alexander Dennis, Britain's biggest bus and coach manufacturer. The firm announced in March that 150 jobs could go at its manufacturing operations in Falkirk, Scotland, or at three of its plants in England.

The role of the trade unions

The trade unions at LDV have insisted that workers put their faith in one buyout after another, on the basis that this was the only way in which the company could survive and jobs be saved. On March 3, the Unite trade union announced that its members had voted to support a 10 percent cut in pay, a 30-hour week and a phased return to work over a four-week period.

Announcing the agreement, Unite national secretary for the automotive sector Dave Osborne said, "Our members have demonstrated today that they are prepared to make hard choices in order to secure employment not only for themselves but for thousands of other ordinary men and women who rely on LDV for their livelihoods.

"The management and the workforce have demonstrated their support for the management buyout.

"We now urge the government to provide the short-term assistance still required to help this company towards a more secure future and safeguard these jobs".

Within the space of three months, the claims of Unite that such "hard choices" would save jobs at LDV have been exposed and workers have paid with the loss of their livelihoods.

On March 12, auto manufacturer Toyota and Unite also announced an agreement cutting pay and working hours at UK plants by 10 percent. A total of 4,800 workers at plants in Burnaston, Derby, and Deeside, Flintshire, are affected by the cuts, which began on April 1 and are scheduled to last for one year.

As with LDV, it was said that the cuts were necessary to ensure the continued profitability of Toyota.

In February, a 10 percent pay cut and 220 job losses were also imposed by the car manufacture Bentley at its plant in Crewe, Cheshire, with the support of the trade unions. The previous month, the firm announced that it would suspend production for seven weeks. These cuts were on top of those already in place at the factory, where a third of the staff had been on a three-day week since May 2008 in order to cut production by 15 percent.

The pro-business agenda of Unite was clearly spelt out last month, when it held a "March for Jobs" in Birmingham. Far from seeking to mobilise manufacturing workers in a struggle to defend all jobs, the union called on the government to implement protectionist policies to defend "British manufacturing." Comprising just a few thousand participants, mainly trade union officials, the protest was supported by Lord Digby Jones, the former director general of the Confederation of British Industry and a renowned advocate of a "flexible" workforce and deregulated free market economic policies.

The lesson to be drawn from the LDV job losses is that all calls for supposedly collective sacrifice must be rejected. Working people must proceed from the standpoint that this crisis is not of their making and oppose all attempts to make them pay for it. Such a struggle can only be organised independently of the trade unions, which function as management's right hand.

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