

Britain's second largest steelworks at Redcar faces closure

Tony Robson
6 October 2015

The announced closure of Redcar steelworks in Teeside, England with the loss of 1,700 jobs, is a cruel blow. The northeast of England region already has one of the highest rates of unemployment in the country at 8.1 percent.

Last week's decision by SSI UK, owned by Thailand's largest steel manufacturer Sahairiya Steel Industries, will end almost 100 years of iron and steelmaking at the site. Redcar has the second-largest blast furnace ovens in Europe and the steel made there helped construct the Sydney Harbour and the Tyne bridges among many other international landmarks.

It is expected that only around 400 of the 2,200 workforce will be retained in order to maintain the coke oven and power station if production of steel is ever to be resumed—a process referred to as mothballing. However, even the supply of coal is not guaranteed.

Workers were not even certain of receiving their last monthly wage cheque after production was stopped by SSI on September 18. The payment was only forthcoming after the Conservative government granted the company a tax rebate of £4 million.

As far as the government is concerned, this is a gesture for which workers should be grateful. Business Minister Anna Soubry said, "I am very pleased that action we have taken has allowed the company to ensure workers got paid today." She added, "It will be some relief for workers and their families at this difficult and uncertain time."

Further job losses will reverberate down the supply chain and throughout the local economy. There are estimates of up to 9,000 jobs at risk.

Around 2,000 people joined a "Save our Steel" protest in Redcar on September 24. The home game of local Championship football team Middlesbrough FC on September 26 was turned into an occasion by

thousands in the stands to register their opposition by holding aloft "Save our Steel" placards and unfurling huge banners.

These protests have been used by the trade unions to present Redcar workers as helpless victims whose fate is in the hands of the Tory government, which they demand steps in to the maintenance of steel production. Community, Unite and the GMB are opposed to the mobilisation of the working class against the economic and social interests that stand behind the social devastation facing thousands of steelworkers and their families. They are culpable for the state of affairs in which the livelihoods and future of whole communities is at the mercy of the rapacious drive for profit.

It was only five years ago when Tata Steel mothballed the steelworks after pleas for the then Labour government to intervene went unanswered. Eventually, SSI took over in 2011 and steel production resumed the following year.

Since then, the trade unions have complied with every demand of the company on the pretext that increased competitiveness would guarantee future production.

An open letter addressed to SSI chief executive by Community General Secretary Roy Rickhuss and the two local Members of Parliament calling for an emergency meeting stated, "When you acquired the business in 2011 you inherited an incredibly committed loyal and highly skilled workforce that is second to none. A workforce that has worked in partnership with you and which has continued to set new standards and break all production records in the face of extreme adversity."

In a statement on the closure, Unite's assistant general secretary for manufacturing, Tony Burke, declared the union would work with SSI to do anything

demanded at Redcar. “Unite works closely with industry leaders to achieve good industrial relations on a daily basis,” he said. “The renaissance in the car industry being a prime example. Unite is prepared to work day and night with all interested parties to resurrect the Redcar plant.”

This “renaissance” in profits for the corporations has been achieved through imposing record levels of productivity, “flexible” shifts and even two-tier wage systems at factories.

The trade unions are now seeking to deepen their collaboration with a Tory government responsible for imposing the most severe austerity measures since the Great Depression. The “national interest” is being evoked to pit British steelworkers against their co-workers internationally and deepen their collaboration in establishing a new benchmark for exploitation.

The union bureaucracy is simply demanding a fig leaf from the government with which to cover its sell-out. Their demands have not resulted in anything beyond the assurances from the government to ensure the mothballing of the steelworks, on the basis that production may resume at some unspecified time in the future.

Rickhuss stated, “We must make sure it’s mothballed in a way it can come again,” adding, “We also have to retain skills, keep them in the community, so it’s possible to restart the plant we’ve got people with the skills to do that.”

Unite’s Burke stated, “The government needs to intervene to provide the necessary assistance to keep the plant in a state of readiness should a buyer emerge in the coming months.”

Frances O’Grady, the Trades Union Congress general secretary, called for government action to reduce energy costs for steel producers and state intervention, to shore up the competitiveness of British industry. She said of German Chancellor Angela Merkel that in the same situation, “She would be calling in the unions and the company and looking at how we secure the long-term future of what is a strategic industry for the whole economy.”

The reality is that the axing of Redcar is part of a mounting toll of job losses in Britain and worldwide.

SSI is the largest steel sheet manufacturer in Southeast Asia and its purchase of Redcar with its own steel slab making facility was intended to enable it to

extend into new markets. However, this has been completely undermined by falling prices and weak demand. Following the 2008 crash, the Chinese economy, now the second largest in the world, was meant to be the growth engine that would pull the world economy out of recession. But China’s economy is starting to falter. This has led to a flood of cheap Chinese steel onto the world market, exacerbating competitive pressures. Cheaper Chinese slab steel has slashed the price of product in 12 months from \$500 (£330) a tonne to around \$330.

The *Financial Times* cited an unnamed analyst who noted, “How can you do (slab) steel with European wages? I cannot see the economic rationale.”

The continued destruction of manufacturing is an expression of the parasitic nature of global capitalism, in which Britain leads the way. Manufacturing in the UK, once the “workshop of the world,” now represents only around 10 percent of the economy.

The accumulation of wealth by the super-rich has been divorced from the production of any real value. Financial speculation and outright swindling is the dominant feature of economic life. While the central banks in Britain and throughout the world pump billions into the banks to sustain the overinflated price of shares to guarantee dividends, the fate of entire industries and the livelihoods of those who have built them are expendable.

Community, Unite and the GM just like their trade union counterparts internationally have nothing to offer other than a race to the bottom. The downward cycle of job losses, wage cuts and increases in productivity can only be broken by the working class uniting across national boundaries in a common struggle against the financial and corporate elite and its holding of society to ransom in its drive for greater profit.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact