UK: Jeremy Corbyn and unions demand turn to economic protectionism

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Job losses in the UK steel industry are being used by the trade unions, the Labour Party and the Greens to demand protectionist measures in alliance with sections of British business.

On Tuesday, representatives of the Community trade union gave evidence to the parliamentary Business, Innovation and Skills Committee (BISC) along with government ministers and steel bosses. This was followed by a Community-organised lobby of parliament Wednesday, under the banner "Save our Steel", demanding government intervention.

In the last month, some 5,000 steel jobs have either been lost or placed in jeopardy—one in six of the total workforce. Thai-owned firm SSI at Redcar, Teeside, collapsed earlier this month, as did Caparo Industries—with the loss of 2,200 and 1,700 jobs, respectively.

Simultaneously, the Indian-owned Tata steel firm announced it is cutting 1,200 jobs in Scunthorpe, north Lincolnshire, and in Scotland, where its plants in Danzell, Motherwell, and Clydeswell, Cambuslang, are to be mothballed. Tata, which operated the Redcar plant until 2009, has already shed more than 1,300 jobs in Wales and South Yorkshire.

The losses effectively bring to an end more than a century of steelmaking in Scotland and the North East. Anger in many of the towns and cities affected—already areas of high unemployment—has been increased by government indifference. A much vaunted £80 million "aid package" to former SSI employees to help them "retrain" includes the redundancy packages that the firm foreclosed on, leaving little left over.

The government's attitude was summed up by former Tory deputy prime minister Michael Heseltine, who insisted that "the market is unstoppable and invariably it wins", while advising redundant workers that now was "probably as good a time" as any to lose their jobs, as the "number of new jobs in the economy today is one of the most exciting features of this economy.…"

In reality, the losses are only the tip of the iceberg. Teeside port and Hargreaves solid fuels supplier have announced more than 100 redundancies as a result of the Redcar closure alone. Nationally, thousands of supply jobs are expected to be affected.

Figures released on Wednesday showed that the UK economy had slowed more than anticipated in the third quarter of the year, with GDP at 0.5 percent, down from 0.7 percent in the second quarter. Manufacturing was down 0.3 percent and construction 2.2 percent.

The losses are the outcome of the global capitalist crisis, the effect of which is now severely impacting on the so-called developing countries, especially China. As the global demand for steel, as in many other sectors, contracts, steel prices have halved in the past year alone.

In their evidence to the BISC, trade union and business leaders targeted China, which produces half the world's steel, as the cause of British job losses, accusing Beijing of flooding the market and undercutting prices.

This deliberately ignores the fact that China itself is struggling with a collapse in demand. More fundamentally, the accusation of "unfair" competition is the device through which Labour and the trade unions are advocating a policy of class collaboration.

Steel production in the UK represents just 0.7 percent of global output. While the demand for Chinese steel in the UK is now double that of three years ago, it accounts for just 8 percent of demand. As Sanjeev Gupta, CEO of Liberty Steel Newport, explained in the *Financial Times*, while commentators are presently "focusing heavily on the 'dumping' of Chinese steel in our markets...the reality is that most UK steel imports are actually from Europe, not China."

A more significant target for steel firms in the UK is their European competitors in France, Germany and the

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European Union (EU). The EU accounts for 4.7 million tonnes of steel imports to the UK, in contrast to 687,000 tonnes from China.

China, nonetheless, has become a stalking horse for broader protectionist demands. On Wednesday, Business Secretary Sajid Javid was in Brussels to call for the EU to adopt "safeguarding" tariffs against Chinese steel.

While the government has said it is prepared to help "steer" contracts towards British-based producers, it has ruled out further state intervention, stating that parliament "can't set steel price."

Tensions came to a head around last week's lavish state visit by China's president, Xi Jinping. The visit was worth tens of billions of pounds for the British bourgeoisie, which has positioned the City of London as the first overseas financial centre in which to open a sovereign debt market in the renminbi. Chinese funding was also sought for major investment opportunities, including in the nuclear power industry.

Behind the welcoming scenes, however, sections of the bourgeoisie—not least in the military intelligence apparatus—have reacted furiously.

Labour MP Dan Jarvis was only the latest to break cover this week, with an article in the *Daily Mirror* denouncing government plans for a new generation of nuclear reactions to "be paid for with Chinese investment and built by French constructors."

In this context, Jarvis wrote, the crisis in the steel industry represented a "threat to our national security." Warning against the UK becoming "beholden to other countries for essential resources" and "over-reliant on foreign imports," he called for issues pertaining to steel production to be "reviewed by the National Security Council and factored into the ongoing Strategic Defence & Security Review."

In insisting on a one-to-one meeting with Xi Jinping, Labour's new "left" leader Jeremy Corbyn sought to establish his party, and the trade unions, as the political representative of British-based businesses against their global competitors.

Corbyn is signatory to the *Daily Mirror* 's Save Our Steel, campaign, which calls for cuts in business rates, "green taxes and high energy bills" to "Block China from dumping cheap steel on the UK market" and to "Buy British."

Endorsing the *Mirror* 's petition, the Labour leader attacked the Tories for "allowing the dumping of cheap Chinese steel" and standing "idly by" while other "European countries have stood by their strategic industries".

Len McCluskey, general secretary of the Unite trade union, is another signatory. He wrote as a representative of the steel bosses in the *Mirror*, complaining that Tata was "not impressed by the government's stance" and demanding that government ensure any major infrastructure projects were put out to British-based firms.

In Scotland, the Community union is demanding that the Scottish government "engage" with the Ministry of Defence for defence contracts such as the Type 26 global combat ship orders due for production next year.

The unions have also taken over the steel corporations' demand for cuts in business taxes. In Scunthorpe, for example, Community is lobbying for the local council to suspend Tata's £15 million annual business rates.

This national protectionist agenda is supported by the Greens. Writing in the *Herald Scotland*, Scottish Greens representatives Kirsten Robb and Maggie Chapman complained, "The fire sale of Chinese steel may destroy our domestic industry, and once it has done that we will be obliged to import steel for our own use in renewables and other building projects."

Government support to the "bankers and financial services through difficult times," they wrote, should be extended to "important business in Scotland too."

Through such class collaborationist policies, the Labour and trade union bureaucracy and their allies are working to divide workers and prevent a unified class struggle against the profit system. In addition to blaming workers in China and Europe for the crisis in the steel industry, they are working to split workers in the UK by directing them into regionally based "task forces", based on an alliance with government and local business.

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