UK: Caparo steel workers sacked with immediate effect

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On October 30, Price Waterhouse & Coopers, without notice, closed five subsidiary companies belonging to the steel producers Caparo group. This resulted in the immediate sacking of 452 workers.

Price Waterhouse & Coopers is charged with handling the sale of Caparo that went into administration on October 19. The jobs have gone from Fairbright Wire and Caparo Tubes Tredegar, Caparo Atlas Fastenings in Darlaston, and Caparo Forging Europe in Dudley and Hartlepool.

Workers were called to meetings where a statement was read out to them by a representative of the administrators, saying that the plants were closed with immediate effect. The statement made it clear that workers would not be paid after the close of business that day and that any redundancy payments would be met by government sources.

The future for workers at Caparo Industries is bleak. Price Waterhouse & Coopers will have no compunction about sacking the remainder of the 1,800 workers. Caparo has plants in both the US and Canada, and their future too is uncertain, given the closure of the parent company.

Proceeds from the sale of Caparo's assets will go to paying off creditors, and the plants that cannot be sold will close down without notice, as was the case with the five at the end of October.

Decades of shutdowns and job losses throughout British industry show that in situations where administrators have taken control of a company, workers' wages and pensions are way down on the list of priorities.

The effect of steel plant closures on communities is not only felt by steel workers. At Redcar in the north east of England, where steel plants had been producing iron and steel for 93 years, Sahairiya Steel Industries UK (SSI) wound up its plants on October 2. Tees Valley Unlimited, which was a long-term supplier to SSI, announced that it was axing 800 jobs as a result. Tees Valley is not unique, and the jobs of many other workers locally and nationally, employed in supply companies connected to the steel industry, will also be threatened. In most of the areas where plants are situated, unemployment is already high, with steel production and ancillary trades the main source of employment.

The abrupt way the sackings took place and full acceptance of it by the main steel trade unions are a warning to all workers. The unions, which moved rapidly to defuse any anger at the previous job cuts, have offered nothing to oppose the latest ones. They have kept workers in the dark regarding the present situation at the five plants involved.

The largest union, Community, has no information on its web site other than a brief news item issued on the day the company was placed into administration. Community merely stated, "We will be working to support our members within Caparo at this difficult time and are seeking an urgent meeting with the company to understand exactly how this announcement will impact the workforce."

Despite Community's constant boasting of its close relationship with the company in the past, the union claims it had no prior knowledge of Caparo's intention to wind up the business.

Opposed to mobilising a joint offensive by steelworkers nationally to oppose the job losses, Community, Unite and the GMB unions have organised a few token protest marches and a trip to Westminster to lobby MPs.

Unite congratulates itself on gaining support from the United Steel Workers (USW) in the United States. But this is nothing to do with genuine international solidarity where workers take up a joint struggle against their employers across national borders. Rather, it is an anti-Chinese propaganda stunt.

In an item on its web site dated October 22, just three days after the Carparo job losses, Unite carried a statement from Leo Gerard, the president of the USW. He said, “The United Steelworkers stand in solidarity with Unite and steelworkers across the United Kingdom at Tata, SSI and Caparo who are facing the devastating consequences of unfair Chinese dumping and government inaction”. He added, “Unfortunately, many employers are seeking to shift the entire burden of the steel industry’s global crisis onto steelworkers and their families.” His statement ended, “The USW and Unite, together in our global union Workers Uniting, demand that governments take these actions immediately to save our steel industry.”

Of course, nothing was said by Unite or Gerard on the despicable role played by the USW in heading off a united struggle of steel workers in the US just a few months ago.

Caparo was owned by billionaire Lord Paul (Baron Paul of Marylebone), a Privy Counsellor and speaker of the House of Lords until his son Angad Paul took over the steelmaking business in 1996. On Sunday, November 8, Angad Paul, in what was reported as suicide, fell from his luxury apartment in London.

Angad Paul was involved in a number of other business ventures, including fashion design and film production. He was also head of the development of the Caparo T1 supercar, developed by former members of the McLaren Formula One company in 2006. Classed as the world’s fastest supercar—a mid-engine, street-legal, two-seat racing car—it was an expensive toy costing £235,000.

Lord Paul’s political allegiance was to the Labour Party, although he was made a life peer in 1996 by the then Conservative prime minister John Major. His donations to Labour included £500,000 while it was in government from 1997 to 2010. He also donated £45,000 towards Gordon Brown’s party leadership campaign.

While steel, coal and iron ore workers across the globe are deprived of the means to live, rich industrialists such as Paul and his family have benefited from the growth of China’s economy. They are now blaming it for the present economic crisis in the steel industry, with the slowdown in Chinese manufacturing contributing to a collapse in steel prices by 25 percent over the last year.

The steel conglomerates operating in Britain, backed by the Labour Party and unions, are demanding protectionist measures to prop them up. On November 9, the *Financial Times* reported on a recent “working dinner”, where European steel industry representatives Axel Eggert, director-general of Eurofer, the European steel association, stated, “If this situation continues we will see more closures. We have modest steel demand growth in the EU, but it is being taken almost entirely by imports.”

He went on to say, “We need a fair, competitive level playing field with our global competitors. [The EU] should consider using all the trade tools it has available.”

The Eurofer meeting was demanded by Sajid Javid, the Conservative business secretary. The Tories were accused by the unions and Labour Party of inaction following the loss of more than 4,000 jobs in Britain’s steel industry since the summer—equivalent to 15 percent of the total workforce. In Europe, the workforce in the steel industry has shrunk by one fifth since 2009.

The *Financial Times* reported, “[E]uropean companies say they have also been hit by high electricity prices and environmental policies that competitors in other regions do not face”, adding, “While the bloc has enacted a number of trade defences against certain steel imports, it has been criticised for acting less quickly and robustly than countries such as the US”.