

Forty thousand jobs threatened as Tata Steel announces end of UK operations

Robert Stevens
31 March 2016

The plans of steel conglomerate Tata to sell their loss-making UK steel business threaten the jobs of 15,000 steel workers along with another 25,000 jobs in the company's supply chain. Were the jobs to go, it would mean the end of steel production in the UK.

Tata took over its UK steel plants in 2007 after acquiring Corus Group for £6.7 billion. Its largest plant is at Port Talbot in South Wales. In an area of high deprivation, whose population has relied on steel production for decades, 4,000 jobs and a further 6,600 jobs in the supply chain are under threat.

Tata's other main plants are in Scunthorpe in North Lincolnshire, Rotherham in South Yorkshire, Llanwern in South Wales, Shotton in north Wales, and Corby in Northamptonshire.

The decision to sell its UK business has prompted a governmental crisis for the ruling Conservatives, currently campaigning for the UK to remain in the European Union in the upcoming June 23 referendum. Tata's announcement will inevitably be used by supporters of the Leave campaign.

As criticism of the government mounted Wednesday, Prime Minister David Cameron returned from holiday in Lanzarote, while Business Secretary Sajid Javid was forced to return from Australia.

Labour Party leader Jeremy Corbyn, returning from a holiday in the South of England, wrote to Cameron, calling for the recall of Parliament. Downing Street refused the request. Cameron is to chair a meeting of "key ministers" today to discuss the crisis.

Tata announced its plans in a review of its European steel portfolio, citing among the factors involved the "global oversupply of steel, significant increase in third-country exports into Europe, high manufacturing costs, continued weakness in domestic market demand in steel and a volatile currency."

The company's UK steel operations are losing more

than £1 million a day, and the firm claims it has "suffered asset impairment of more than £2 billion in the last five years." According to a source close to the company cited by the *Guardian*, "Tata is ready to 'give it away for nothing.'"

Tata is hiving off its UK operation as the result of a deepening trade war in the world steel industry. Amid a deepening economic slowdown globally, restructuring has led to massive job losses in North America, Europe and Asia. The vast majority of job losses, 400,000, are slated for China, which produces half of the world's steel and which has already cut production by 90 million tons. It plans to slash production further by between 100 million and 150 million tons (a 20 percent reduction.)

The response of ruling elites the world over has been to unleash protectionist measures, many targeting China, which is accused of "dumping" cheap steel onto the global market. According to the *Guardian*, Tata "worked closely with the government over the last few months but decided to pull out of the UK after the government refused to back calls in Europe for higher tariffs against Chinese steel imports." A Tata source told the newspaper this was the "last straw."

The trade unions and the Labour Party are the main advocates of this nationalist demand. Shortly after being elected as party leader, Corbyn insisted on meeting China's President Xi Jinping during his state visit to the UK in October, at which time he gave him a private letter citing his concerns over UK steel job losses. A few days later, speaking to steelworkers in Scunthorpe, Corbyn declared that "If necessary," he would "go to Beijing" in defence of the UK steel industry.

In his letter to Cameron, Corbyn stated, "If necessary, ministers must be prepared to use their powers to take a public stake in steel-making to protect the industry and British manufacturing. The Government must do whatever it takes to save this strategic industry." He

called for the convening of “a meeting of all relevant parties—government ministers, trade union and employee representatives, and industry groups—to discuss all options, including a public stake, available to the Government to ensure the security of the industry in the future.”

Speaking at the Port Talbot plant Wednesday, Corbyn stepped up his nationalist agitation, calling for an “immediate government intervention to protect our steel industry.” He insisted that “strategic procurement of steel from steelworks in Britain” was required for all UK infrastructure projects.

These calls were echoed by Unite General Secretary Len McCluskey, who stated, “The unity of voices—from business to government—to say that temporary nationalisation is the way forward must not be ignored. ... Every single one of these plants and its workers should be regarded as a national asset and, as such, it is government’s duty to safeguard them for the nation.”

Trades Union Congress leader Frances O’Grady said, “The government should directly intervene to save the UK steel industry ... to secure the future of this vital industry.”

These are not calls for the nationalisation of the industry as previously carried out by Labour in 1967. What is being proposed is that the government take a temporary stake in the steel plants, pending their eventual sale to another private entity. Shadow Business Secretary Angela Eagle has called on the government to consider part-nationalising the steelworks to “shelter the assets until the storm has passed.”

This would be an operation to fleece the taxpayer, as was the case with the £45 billion bailout of the RBS Bank after the 2008 financial crash, which is why Javid and Business Minister Anna Soubry both hinted that it might be considered by the government.

Neither Corbyn nor the trade union bureaucracy proposes any struggle by steel workers in defence of their jobs. Instead, they propose to deepen the collusion with the employers that has already led to thousands of job losses, speed-up and wage cuts based on a heightened programme of national protectionism—including seeking subsidies and tax breaks from the Tories.

Steel industry workers must oppose this call for an alliance with big business and appeals to the very government that is imposing devastating austerity measures.

Protectionism is not an answer to the untrammelled exploitation by the transnational corporations facilitated

by successive Labour and Tory governments since the 1980s. It is a mechanism through which these same corporations will be given additional funds, paid for by the working class, to prosecute an accelerated trade war against their global rivals. Such a trade war, whether framed within demands to save UK steel or for the EU to “get tough” with China, will mean for workers only a race to the bottom, in the name of securing global competitiveness. The only possible outcome will be further job losses in Britain, Europe and internationally.

In reality, whereas Chinese steel imports to the UK have doubled to 687,000 tonnes due to low prices, the EU accounts for fully 4.7 million tonnes and global markets are saturated. Protectionism directed against China will therefore only be the first step taken.

Tata is a prime example of the reality of globalised production and the international character of the working class. It employs 600,000 workers in many industries in 80 countries. The Tata Steel Group manufactures steel in 26 countries, with a commercial presence in over 50 countries, integrating the labour of 80,000 employees across five continents.

The only progressive and viable perspective on which to defend jobs is a unified struggle by steel workers in Britain with their fellow workers throughout Europe, America, India, China and the world over, in opposition to the steel corporations, the reactionary and moribund trade unions, and all wings of the capitalist class.

The author also recommends:

Job losses mount in US steel and aluminum industries
[8 February 2016]

China announcing 400,000 steelworker job cuts
[1 February 2016]

UK: Jeremy Corbyn and unions demand turn to economic protectionism
[30 October 2015]



To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact