

UK: Unions work with asset stripper to impose cuts at Tata Steel

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On Monday, Tata Steel announced the sale of its Long Products Europe business, employing around 4,800 workers.

The Long Products division includes a plant in Scunthorpe, England and another in Teesside. Scunthorpe, employing 4,400 workers, was sold to Greybull Capital for just £1, with Greybull, known as a “vulture fund”, taking on its debts and liabilities. Greybull is currently finalising a £400 million financing package for the new operation.

The same day Tata announced the formal process of selling off all its loss-making UK plants employing a total of 15,000 workers. Among 12 factories, these include Port Talbot (4,100 workers), Llanwern and Newport (1,314) and Shotton (727), all in Wales; Rotherham (1,235) and Stocksbridge (831), in South Yorkshire; and Hartlepool (500).

As with Scunthorpe, the plants will be taken over by firms only on condition that wages, conditions and pension rights are decimated.

On Tuesday, parliament held an “emergency debate” called by Labour’s Shadow Business Secretary Angela Eagle on “Tata Steel’s decision to sell its UK steel operations; and action the Government is taking to secure the future of the UK steel industry.”

Prior to the debate Eagle issued a statement confirming the nationalist and protectionist agenda advanced by Labour and the trade unions to defend British capitalism. “We must see an integrated sale to ensure Britain retains the ability to both make and process steel, to level the playing field by addressing the illegal dumping of Chinese steel, and the development of a modern industrial strategy to support steel and manufacturing,” she wrote.

After the handwringing over the past two weeks from all parties about the fate of the steel industry and

thousands of jobs, barely 60 MPs of 650 turned up for the debate. Eagle and Labour leader Jeremy Corbyn both left well before the three-hour session ended.

Eagle asked Conservative Business Secretary Sajid Javid to clarify what he meant when he said the government would consider “co-investing with a buyer on commercial terms” in Tata’s strip operations. Javid refused to give any further details, but confirmed that the government could subsidise a private buyer, stating, “The key point is that any co-investment would have to be on commercial terms. Investment can take a variety of forms. For example it could be debt.”

The office of Prime Minister David Cameron said that there would be no nationalisation of Tata’s plants in any form, as it was “not the right answer.”

Labour put forward a militarist agenda in defence of a “steel industry” that Eagle stated now made up just one percent of manufacturing output. She said, “We now have the deeply regrettable situation of an aircraft carrier, British surface ships and armoured vehicles all being manufactured in the UK with mainly imported steel, when, with more planning, our domestic industry could have supplied these needs.”

The logic of this position was voiced by right-wing Tory MP Peter Bone, who declared, “If there is some war in the future... you have to have your own steel industry or you cannot defend yourself”.

The sale of Tata’s plants confirms the warning made by the *World Socialist Web Site* of the rotten role of the nationalist and pro-capitalist policies of the Labour Party and the trade unions in paving the way for further attacks on the working class in Britain and internationally.

Greybull has been in negotiations with Tata and the steel trade unions for months over the conditions for its takeover. In January, a spokesman said, “The long

products business has been significantly loss-making. To ensure a viable future, there will by default need to be some changes implemented. The trade unions involved are aware of the difficult situation and have to date been most constructive. Their strong support is paramount for the transaction to succeed.”

The *Telegraph* noted at the time “Greybull is understood to want to scrap the final-salary pension scheme, as well as introduce comprehensive changes to overtime pay and bonuses ...”

At the centre of the takeover is what Greybull described on Monday as an agreement with trade unions and key suppliers to “reset the cost base of the business.” This includes workers taking a one-year pay cut of three percent and a three percent cut in their pension contributions. In a statement Monday, the Unite union said it is “recommending members vote to accept the changes in a ballot due to close on 19 April ahead of the formal sale of the Scunthorpe steelworks.”

Unite’s statement was a call to sacrifice workers’ conditions in the name of “international competitiveness.” It cited Unite convenor for Tata Steel Scunthorpe Martin Foster, who said, “It should not be forgotten though that many workers have already lost their jobs at Scunthorpe and those that remain are making huge sacrifices with their pay and pensions to secure their jobs.”

The government, said Foster, now “must take decisive action to allow them to compete on an even playing field with their global competitors.”

Infrastructure should be “built with British steel” and the government had to deal with the “dumping of cheap imports and high energy costs, which is leaving steelworkers fighting with one hand tied behind their backs,” he continued.

Dave Hulse, the National Officer of the GMB, boasted of how “the joint trade unions have been in negotiations over a long period of time, looking at temporary agreements to make sure that the first 12 months of the sale are successful.”

Foster gave more details of the attempt to fleece the workforce in an interview last week with the *Morning Star*, the newspaper of the Stalinist Communist Party of Britain. “They are trying to get back into profit in the next financial year, and this is about showing the new owners that we will really back them in this new venture. It will give the company a saving of £8.7

million to £8.8 million,” he said.

The unions are putting a gun to the heads of the Scunthorpe workforce, warning that if the cuts are not accepted their jobs are at risk. Foster gave a picture of the resentment of the workforce at constant attacks on the wages and conditions negotiated by the unions, stating, “Year on year our members have been giving, with cuts to shift pay, less pension, job losses. They have just about had enough and if we get this pay cut through that will be it.

“This will be their last ‘give’ and the last chance for the company. The guys have been very clear with us. They are saying if it does not work, don’t come asking again.”

With asset strippers such as Greybull and Liberty House (who have taken over two of Tata’s Scottish plants), it will not be long before the unions come asking again for yet further sacrifices.

Steel workers should be aware of Greybull’s record at Monarch Airlines. After taking over the airline in 2014, it began a slash and burn operation. Seven hundred redundancies were rammed through and crew and pilots forced into 30 percent pay cuts, with pilot pensions also slashed. Only the most profitable routes were maintained. Following the cuts, the airline returned to profit, making £40 million in 2015. According to the *Guardian*, “Greybull’s owners are reportedly considering a sale of the airline, having appointed Deutsche Bank to explore options, which would land a large profit.



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