

# Scotland: Michelin plans closure of Dundee plant with loss of 845 jobs

## Rank-and file organisations needed to organise fight-back

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French-based transnational Michelin's decision to close its tyre manufacturing plant in Dundee, Scotland by 2020 threatens to pitch the plant's 845 workers, their families and thousands more in the area into unemployment and poverty.

The conglomerate is acting aggressively to defend its profit margins, dividends to wealthy shareholders, and the immense salaries paid to its top management by dispensing with its Dundee workforce. Michelin's statement on the closure made clear the attack on its Dundee workers arose from world conditions.

Michelin blamed the decision on reduced demand for 16-inch and smaller car tyres in the face of "low cost, entry-level products from Asia." Despite recent investment, the company claimed the plant was "unsuitable and its conversion is not financially viable." A "consultation process with employees, employee representatives and the trade union" is to start within two weeks.

Michelin, which operates 70 plants in 17 countries and employs around 114,000 workers worldwide, holds around 14 percent of the entire world market in car and truck tyres. In 2017, the company's net sales globally amounted to €21.9 billion, of which around €4.01 billion was profit before tax and one-off costs.

Days before the announcement, Michelin suffered a 9 percent fall in its share price in Paris, warning of collapsing demand and price increases due to currency fluctuations. The *Financial Times* reported car industry analyst Arndt Ellinghorst of Evercore ISI warning of the "ugliest reporting season" for car industry suppliers since 2015. Ellinghorst said that 80 percent of suppliers were likely to make less profits than anticipated. Michelin is seeking €1.2 billion in savings over the next three years, an annual operating income increase of €200 million while reducing production.

The Dundee plant has been in operation for nearly 50 years, first opening in 1971. It emerged that Michelin's Dundee management was aware of the closure plans for at least a month before finally announcing them, in a

10-minute meeting. Workers were kept in the dark for as long as possible—an indictment of the main trade union, Unite, which has for decades acted as an arm of Michelin management.

On his appointment in 2009, the current manager of the Dundee plant, John Reid, said, "Dundee's secret, if there is any secret, is its relationship with its workforce. It is their ability to work with the unions and make difficult decisions and make changes quickly."

Following the 2008 financial crisis, Michelin in Dundee responded to a 15 percent slump in tyre sales by cutting hours and production. On this basis, and assured of industrial peace, the plant avoided closure.

Speaking this September, Unite's senior shop steward at the plant, Marc Jackson, made clear that Unite was well aware of some level of threat to the plant. He told the *Times* that a "reduction in production will impact the Dundee site more than any other site within the Michelin group, as we manufacture smaller tyre dimensions."

Last week, Unite revealed that the union had for two months been preparing to offer Michelin a two-year flexibility agreement offering reduced shifts and "voluntary" redundancies in 2018/19. Further redundancies and shift reductions were to be offered the following year "if market conditions had not improved." But even this was not enough for Michelin.

In the face of globally organised corporations such as Michelin, trade unions, which workers once relied on to extract better living standards from the employers, now play the opposite function. Organisations such as Unite aim to maintain production at factories by offering industrial peace and a greater level of exploitation than at their rivals. In this way the unions work to divide the working class.

The trade unions have become labour management outfits, devoted to suppressing the class struggle, and who collaborate at the highest level in the plans of corporations, with Michelin a prime example.

Michelin company chief executive officer, Jean-Dominique Senard, salary €1,100,000, pioneered the French term “responsabilisation,” meaning empowerment and accountability. Senard told the FT last year, “We have discussions with the unions today that are extremely frank and direct. I see them regularly, we listen to each other, we negotiate. But that happens in a climate that everyone recognises is calmer.”

One of Michelin’s pioneer “responsabilisation” plants was in Ballymena, Northern Ireland, which closed earlier this year, with the loss of 860 jobs. A number of Ballymena workers are reported to have relocated to Dundee and now face a second factory closure.

Unite have launched a diversionary and chauvinist “Steer Well Clear” campaign against “inferior Asian tyres” aimed at encouraging the British government to enforce European Union regulations on tyre quality.

No confidence whatsoever must be placed in the “action group” led by the Scottish government finance secretary, the Scottish National Party’s (SNP) Derek Mackay. Other members include the British Tory government’s Scottish Secretary David Mundell, leader of the SNP-led Dundee City Council, John Alexander, Michelin management, Unite officials and the great and good of local and national enterprise agencies.

Having offered to “leave no stone unturned,” the group’s strategy resolves to explore whether Michelin’s international management can be bribed. Maybe some more grants, handouts from state spending and productivity concessions from Michelin workers might change their minds? Mackay and Alexander have also floated proposals for some form of research and development centre, which might assist the regional employers but would assuredly not employ the current workforce.

A united offensive must be organised to fight back against the job losses, speed-ups and attacks on workers’ conditions throughout the auto industry.

At the same time as the Michelin announcement, German car parts supplier Schaeffler cited uncertainty over Brexit as the basis for a decision to close two of its UK plants, in Llanelli and Plymouth. Some 570 jobs are to be lost over two years. Earlier this year, Nissan announced hundreds of job losses at its Sunderland plant. In October, Jaguar Land Rover (JLR) shut its plant in Solihull for two weeks, affecting 9,000 workers. This had an immediate impact on 4,000 DHL logistics warehouse workers involved in the plant’s supply chain, who were also laid off for the same two weeks. JLR then moved around 1,000 workers onto a three-day week, from October to Christmas, at its plant in Castle Bromwich, and carried out a one-week shutdown. BMW is scheduling its annual maintenance period for next

April over fears that Brexit will disrupt its supply chain.

In Dundee, days after the Michelin announcement, NHS Tayside announced that it intends to cut staffing levels by 10 percent to save £540 million; 1,300 jobs are to be destroyed to enforce financial restrictions demanded by the SNP-led Scottish government. Local authority workers in Dundee and the surrounding area face relentless assaults on jobs and living standards. Some 4,500 full-time posts at Tayside and Fife councils have been lost since the financial crisis of 2008.

No viable struggle to defend jobs and living standards can be launched without a rebellion against the trade unions.

Recent weeks have seen powerful demonstrations and strikes by local authority workers and teachers in Glasgow. Younger workers have also struck at McDonald’s, TGI Fridays, JD Wetherspoons, UberEats and Deliveroo, while earlier in the year Ryanair confronted the first international strike in its history, with pilots and cabin crew involved in stoppages in a number of European countries. These disputes exposed the class divisions between the trade union functionaries, the apparatus they control and the working class. Recently nurses throughout the UK demanded their entire union leadership in the Royal College of Nursing step down.

Workers must turn to the broadest sections of the working class nationally and internationally, all of whom face comparable attacks. Every struggle by the working class today is an international one because of the unprecedented level of integration in the world economy. Michelin workers in Dundee cannot confront a transnational company without their own global strategy based on a socialist programme.

The Socialist Equality Party urges workers to form rank-and-file workplace committees, composed entirely of workers themselves and independent of the trade unions, to take this fight forward.

Contact the SEP here.



To contact the WSWS and the Socialist Equality Party visit:

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