

Thousands of Liberty Steel jobs at risk as British unions and Labour put forward nationalist alliance with company

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Workers across the globe employed by the GFG Alliance business empire of billionaire Sanjeev Gupta face job losses and plant closures following the collapse of the company's main financial backer, Greensill Capital. GFG has exposure of around about \$5 billion to Greensill.

Liberty Steel employs 35,000 workers at around 200 locations globally in Gupta family-owned operations. The majority are in Europe, with the firm employing 6,500 across several Australian states and 1,500 across 16 sites in the US.

In the UK, Gupta owns Liberty Steel which operates 12 plants employing 3,000 and is the third largest steelmaker in the country. Its plants are in Rotherham, Stocksbridge, Hartlepool, Teesside, Dalzell and Clydebridge, West Bromwich, Wednesbury, Motherwell, Tredegar and Newport. GFG also runs an aluminium smelter in Scotland and an energy supply business. A further 2,000 GFG staff are employed by engineering firms whose work depends on the steel plants.

The administrators appointed to Greensill said in a court filing that Gupta's operations were in "financial difficulty" and defaulting on debt. Yet less than a month ago, Gupta was attempting to buy Thyssenkrupp's steel plant in Duisburg, Germany. He was partially thwarted because he could not raise the capital.

According to the BBC, Conservative Business Secretary Kwasi Kwarteng held an emergency meeting the day before the collapse of Greensill with the chief executive of Liberty Steel UK, John Ferriman. The two reportedly discussed contingency plans in the event that Greensill went bust. These options, said the BBC, did not include deliberations about any potential nationalisation of Liberty. Kwarteng also chaired a meeting of UK steel executives on the same day at which the future of Liberty was raised, but the BBC revealed, "it was not discussed in any detail with this wider group, which included union bosses."

Much of Gupta's UK operations are already being

underpinned by the government through the coronavirus furlough scheme and massive business guarantees. Under the scheme, 80 percent of workers' wages in private firms are paid by the state, up to a maximum of £2,500 a month. The *Financial Times* pointed out how "Gupta's efforts to reassure unions came as government data showed that CFG's core industrial businesses, some of which are owned by Gupta and others by his father, are drawing hundreds of thousands of pounds a month under the government's furlough scheme."

The FT reported that UK taxpayers are already exposed to a sum exceeding one billion pounds of debt from Gupta's business via three government guarantees. By using a state supported Covid-19 scheme, Greensill advanced hundreds of millions of pounds to Gupta's businesses. The Scottish National Party government also provided Gupta with guarantees worth around \$575 million to CFG in 2016 when he bought an aluminium smelter at Lochaber and two hydropower plants.

The newspaper reported that firms run by Gupta "have failed to transfer monies owed to HM Revenue & Customs under the pay as you earn (PAYE) system for staff workers as well as VAT..."

At their meeting, Gupta told the assembled union bureaucrats, "We have adequate funding for our current needs while we bridge the gap to refinancing the business." He said GFG was "operationally strong" and benefiting from a 13-year high in steel prices, but warned, "While the group as a whole is performing well operationally, there are some exceptions and I'm sorry to say that includes some of our UK steel businesses." The BBC reported, "Putting staff on furlough and tightening cost controls were among the measures being taken, he said."

Gupta blamed energy costs and "the severe downturn in the aerospace sector due to Covid-19." He suggested possible partnership opportunities to address the loss-making parts of the business. This is especially concerning for

workers in South Yorkshire where aerospace specialist steels are made at the Stocksbridge, Rotherham and Brinsworth plants.

On March 12, the first bitter fruits of the cost control operation were revealed as Liberty Steel paused production at several sites. Hundreds of workers at the Stocksbridge plant and Speciality Steels Steel & Bars site in nearby Rotherham were put on furlough. Some staff have been told that they will not go back to work until mid-April at the earliest.

In his discussions with Britain's trade union bureaucracy at Liberty Steel, Gupta was speaking to partners. The three trade unions with members employed by Gupta—Community, Unite and GMB—described their meeting with him in a March 9 joint statement as “positive and constructive” as they fawned, “We recognise Mr Gupta’s desire to see Liberty Steel succeed and recognise also his personal contribution in giving distressed UK steel assets a new lease of life.”

The reality is that all Gupta saw in the UK steel industry was his latest profit-making opportunity. He has spent years buying potentially valuable industrial assets at knockdown prices with money borrowed against the prospective worth of the assets once purchased. He paid Tata Steel just £100 million in 2017 for three loss-making steel plants in South Yorkshire and at Wednesbury in the West Midlands.

The corporatist and pro-business line of the trade unions was articulated by a Community union rep at the Rotherham plant, Chris Williamson, who, in the face of potential job losses and cuts to wages and terms and conditions, told the *Guardian*, “We have got scope for a profitable business, subject to getting the cash. This should be a thriving plant and I don’t think some of the reports have helped our plight.” Speaking in the manner of a Liberty Steel board member, he continued, “We have got markets, and we’re trying to build better relationships with our suppliers and customers. And as long as that remains, we should be here for a long time.”

The unions are opposed to mobilising workers on the basis of a fight to defend all jobs in a joint offensive against the private steel operators. In their corporatist joint statement, the unions advanced a nationalist agenda, reassuring, “Mr Gupta our priority is to secure the future of all Liberty Steel’s UK assets, and to this end all options should be considered. Liberty Steel is a strategic business for the UK, producing high quality steels for sectors of the economy including defence, energy, aerospace and engineering.” The statement called on the Tory government to join with the union and company and take “an active role” in safeguarding future UK steel production.

On March 18, Labour Party shadow business secretary and

former party leader Ed Miliband said the situation at Liberty Steel was so urgent that no measures should be “off the table”, even public ownership, since it was a matter of maintaining the defence industry supply chain. Miliband said the remaining steel plants are “a crucial part of our strategic infrastructure,” and “are crucial from the aerospace sector to automotive.” When Miliband speaks of public ownership, this is conceived of as a holding operation in which the state bears the costs of whatever losses are accrued by Liberty, until such a time as an inevitable cost-cutting operation ensures that what remains of the assets of the company are viable for another corporation to take on.

Miliband’s intervention was made during the same week that the Johnson government launched its Integrated Review pledging stepped up military aggression against Russia, China and other rivals, and a massive expansion of the number of nuclear warheads carried by the British military. Last month, Labour’s Shadow Secretary of State for Defence John Healey spoke at Britain’s premier military think-tank, the Royal United Services Institute, to advance Labour as an unwavering advocate for the NATO alliance and nuclear weapons. The steel industry was cited by Healey as an asset that must be maintained as a vital cog in the military machine. He posed the question to the government, “does the Integrated Review strengthen our defence industrial resilience by growing our sovereign capacity to regenerate equipment and platforms if they are degraded in conflict? Does it set out a long-term plan to boost Britain’s foundation industries in steel, shipbuilding, aerospace and cyber security as national assets?”

Liberty Steel workers cannot entrust their jobs and livelihoods to the pro-capitalist and nationalist Labour and trade union bureaucracy. They must build their own organisations of struggle, independent of the unions, and based on a political programme which places their needs above the profits of the corporations and the interests of British imperialism. This requires the formation of a network of rank-and-file committees unifying steel workers with other workers in the industry and supply chains in Britain and internationally on a common socialist programme.



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