Burnham government’s takeover of Speciality Steels UK: a blueprint for war production, not a rescue plan for jobs

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Labour’s business secretary Jonathan Reynolds announced plans last week for the Burnham government to “work toward the public acquisition of Speciality Steels UK (SSUK).” SSUK is the UK’s third-largest steelmaking facility, with sites at Stocksbridge, Rotherham and Brinsworth in South Yorkshire and Wednesbury in the West Midlands.

Presented as an intervention to protect 1,300 steelworkers whose company went into liquidation last August, the takeover is being justified as a measure to protect jobs and industrial security. But the government’s own statements point to a different priority: securing SSUK for Britain’s aerospace and defence industries, strengthening the industrial base for rearmament.

The media and trade unions have described the plans as “nationalisation”, a term the government has pointedly avoided. Burnham has already abandoned a pledge to bring Thames Water into public ownership. The privatisation of water, which has led to the rundown of infrastructure, mass pollution of rivers and seas, and the enrichment of shareholders, has become a symbol for the looting of public services.

Burnham claimed he would end this Thatcherite economic legacy, but while his government shrinks from public ownership of a socially necessary utility, it has rushed into “public acquisition” of a steel company because of its associated importance for war production.

Reynolds said: “We do not intervene in private companies lightly. But nor can we simply stand aside and allow the future of this company and over 1,300 jobs to be decided by default”.

The sanctity of jobs did not apply at Tata Steel in 2024, when the Starmer government partnered with the company to make 2,800 steel workers jobless, while providing the company with a £500 million subsidy to transition to electric arc steelmaking.

The same unions, Community and Unite, which have hailed the Burnham government for listening to working people over SSUK, suppressed strike mandates to enforce mass redundancies at Tata. Whether it’s making the working class pay for the “green transition” or hailing state intervention to take over a bankrupt private steel firm to ensure arms production, the union bureaucracy maintains its corporatist partnership with the government and employers, based on economic nationalism.

The government’s September 14 press release on the takeover of SSUK states the four sites will play “a vital role supporting the Government’s modern Industrial Strategy”, highlighting SSUK’s production for aerospace and defence and its “proud history” of producing “missiles, munitions and artillery casings.”

SSUK, formerly part of Sanjeev Gupta’s Liberty Steel group, entered liquidation in August last year. A High Court judge declared it “hopelessly insolvent”. The company had just £600,000 in the bank against bills running into millions. Its parent group had 15 entities in insolvency proceedings across nine jurisdictions.

The financial crisis of Liberty Steel is closely tied to the collapse of the financial firm Greensill in 2021. Gupta’s rise from a small commodities trader to owner of Europe’s fourth-biggest steelmaker was facilitated by Greensill, which lent him around £3.4 billion, described by the *Sunday Times* as “a particularly exotic form of finance.”

The Labour government stepped in to pay the wages of SSUK’s 1,300 workforce, furloughed on 85 percent of their pay with no production at any of the sites for the past year. This was originally planned as a holding operation to find a new private buyer, with Norwegian steel start-up Blastr Green Steel lined up as preferred bidder, but Reynolds announced it would not provide “long term stability.”

The government intervention at SSUK follows the takeover in April last year of British Steel in Scunthorpe, owned by Chinese company Jingye, which the Starmer government rushed through under emergency legislation. It was prompted by Jingye’s plans to shut its two blast furnaces, which would have left the UK unable to produce primary steel for the first time since the Industrial Revolution and the only G7 country unable to produce steel from scratch.

As the WSWS explained, this measure was not aimed at protecting the 2,700 jobs at risk. Rather, “the Starmer government views losing the ability to produce virgin steel within Britain’s borders as incompatible with a huge rearmament programme and British imperialism's ability to fight wars."

The takeover of SSUK is part of a wider rearmament programme by the Burnham government as part of its escalation of the NATO proxy war against Russia, with an additional £15 billion for rearmament over four years, taking planned military spending to £298 billion by 2029/30.

SSUK produces specialist steels used in aircraft landing gear, engines, turbines, military vehicles and power generation. Losing that capacity would make the British arms industry more dependent on foreign suppliers.

Britain's ageing steel plants confront a crisis of profitability, with energy costs 50 percent higher than in France and Germany. Decarbonisation requires major investment, while global competition keeps prices down. Private investors are unwilling to commit the long-term capital required. For British imperialism, the military value of steel is greater than its market value.

The same logic was behind the Conservative government's decision in 2021 to purchase Sheffield Forgemasters, which produces specialised steels for Trident nuclear submarine components and artillery barrel forgings for Ukraine through BAE Systems as part of NATO's war against Russia.

Arms production is also being embedded in universities. Through the Defence Universities Alliance, the Ministry of Defence is reorganising teaching, research and governance around the demands of NATO rearmament. The Alliance describes South Yorkshire as "Home to the University of Sheffield's world-leading Advanced Manufacturing Research Centre. A growing defence cluster bolstered by BAE Systems' new artillery factory."

The trade union bureaucracy has responded with wholehearted support for the Burnham government's intervention at SSUK.

Unite general secretary Sharon Graham said: "This is a critical move. The government is listening to Unite and is acting to protect jobs. Now we need to get on and nationalise the company."

The government's priority is not securing jobs but justifying and implementing militarism. Maintaining a workforce for war production will not reverse the social devastation created by the mass closure of steel plants through the privatisation of British Steel from 1988-1999, with the destruction of tens of thousands of jobs.

Graham demands that steel be classified as "critical national infrastructure" and calls for public procurement of UK steel. This nationalist framework presents state support for military production as a defence of jobs.

The "Save Our Steel" campaign by Unite, Community and the GMB has not stopped the loss of thousands of jobs across the country. Instead, the unions have tied workers to employers' and the government's demands for restructuring.

Community union general secretary Roy Rickhuss welcomed the government's intervention on the same economic nationalist grounds: "SSUK is a unique and integral component of the UK's steelmaking capabilities, without which we would be entirely reliant on foreign suppliers for high-value speciality inputs to our critical energy infrastructure and our advanced manufacturing base, including the defence industries. We cannot allow British industrial sovereignty in these areas to be lost."

There are no shared "national interests" between steelworkers and the trade union bureaucracy which is working with the government to impose austerity to fund the expansion of military spending. The same government invoking "national security" to bring steel plants under state control is cutting social spending and demanding that workers pay for rearmament through lower living standards.

"National security" is invoked to try and silence broad-based anti-war sentiment against escalating military violence by the British ruling class—paid for first through workers' living standards and ultimately through their lives. The UK economy and society are being "made war ready". The government purchase of UKSS is therefore a strategic military acquisition, not an industrial rescue package.

Steelworkers in Britain at SSUK and beyond should unite with their co-workers globally against the division of workers into competing national camps. Workers face a common assault on jobs and corporate restructuring to boost profits amid an intensified trade war. They should build rank-and-file organisations independent of union bureaucracies and governments, fighting for secure jobs, decent conditions and workers' control of production.

The skills of steel workers should be used for useful production: housing, infrastructure, energy, transport and the needs of society—not bullets and missiles. The resources for this must be taken out of the hands of the private corporations and arms companies whose profits are being swelled through war abroad and class war against the working class at home.