Britain: Auto industry and suppliers shed jobs

By Robert Stevens
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As the economic crisis and world recession deepens, thousands of job losses are being announced in Britain on an almost daily basis. While most of these losses have been in the retail sector, they are now spreading to manufacturing, particularly in the auto industry.

Earlier this month, Nissan announced that it was shedding 1,200 jobs at its plant in Sunderland, northeast England. The firm had already halted production of two of its models at the plant and sent workers home early before Christmas as a result of a massive drop in demand for new cars.

Further losses in the industry were announced on January 14 when Jaguar Land Rover said it was shedding 450 staff. The company employs 15,000 workers in the UK and was bought by Tata from Ford last year in a £1.7 billion deal. The company intends to cut 300 managers and 150 salaried agency staff from its payroll.

Honda has also said that it will stop production at its Swindon plant for two months, between April and May. It had already stated that the plant would be closed during February and March, making it the longest continuous suspension of production at a UK plant. Workers are to get full pay until the end of March, after which salaries are expected to be reduced to 65 percent of present levels.

These measures have immediately hit the main suppliers to the manufacturing plants, where most workers in the motor industry are employed.

Despite the relatively small number of mainly overseas companies that now constitute high-volume car production, they still constitute a sizable proportion of what remains of British manufacturing. According to the autoindustry.co.uk web site, in 2005 there were 210,000 workers directly employed in auto manufacturing in the UK car industry. As a percentage of total manufacturing, this represented 6.5 percent.

The Unite trade union has stated that up to 70,000 jobs are at risk in auto manufacturing and associated supply firms. More than 800,000 workers are employed in the motor trade as a whole.

An article in the *Daily Mirror* newspaper stated, “Sales of new motors are down 27 percent and falling and the wave of job losses threatens to grow into an unemployment tsunami.”

The first of these job losses in the auto supply industry were announced on the same day as those at Nissan. The diesel engine maker Cummins reported that it had entered into consultation with trade unions regarding a further 130 redundancies at its factory in the town of Darlington, also in the northeast. Cummins is one of the largest employers in Darlington and the latest job losses mean that the workforce has been cut by a third in six months.

The crisis in the auto industry is symptomatic of the general precipitous decline in UK manufacturing that is now under way. This month the Office for National Statistics (ONS) revealed that UK manufacturing output fell in November at its fastest pace since 1981. The ONS figures showed that output fell 7.4 percent from a year earlier—the biggest drop since June 1981. On a monthly basis, the fall was 2.9 percent, the ONS said—the largest since the summer of 2002 and four times that forecast by a group of economists polled by Reuters.

The Sunderland plant was the most productive car operation in Europe. It is Britain’s single biggest carmaker and exporter, producing one in five UK-made cars. In June 2008 Sunderland turned out its 5 millionth car.

Just a year ago some 800 jobs were created at the Sunderland plant in response to growing demand for its new Qashqai model. Until December, sales figures remained steady compared with 2007. In 2008, Nissan sold 66,336 new cars in the UK—only 0.14 percent fewer than in 2007.

Sales for December 2008 then fell drastically by 26.68 percent compared with the same month in 2007. This collapse mirrored the average decline in sales of 21.2 percent across the auto industry.

In an attempt to offset the fall in demand for its vehicles, Nissan imposed a number of measures at its Sunderland plant. It implemented a period of short-time working as well as a number of fully paid non-operation days. The plant closed five days earlier than normal for the Christmas shutdown. Prior to the holiday it also froze production of its Note and Micra models for two weeks, as well as production of its Qashqai model for three consecutive Fridays. Sales of the Qashqai model had been the main factor in the plant achieving its record production year in 2008. Last year the plant produced 32,000 more cars than in 2007.

The decline of Nissan in the UK has its own particular significance. The Nissan plant opened in 1986 to much fanfare following the decimation of the traditional coal and steel industries in the northeast at the hands of the Conservative Party government of Prime Minister Margaret Thatcher. Based on management/employee cooperation, it was described as nothing short of an "economic miracle."

A January 10 article in the *Independent* newspaper, entitled "The wheels come off Maggie's revolution," commented, "For the Northeast, one of Britain's worst-hit areas of unemployment, to be chosen as the site of the giant Japanese company's British car plant was hailed as a modern miracle. It stood for high technology, the latest working practices and a new model of cooperative trade unionism, everything lauded as necessary to the new Britain by the then prime minister Margaret Thatcher who opened the plant in 1986."

This "new model of cooperative trade unionism" was premised on the basis that the interests of the workforce and the company were identical and that the class struggle was over. On this basis the trade unions—at Nissan and everywhere else—policed the workforce and carried out to the letter the dictates of management. The trade union bureaucracy worked as an arm of management and was critical in implementing speed-up, productivity increases, wage cuts, job losses and every other attack demanded by transnational corporations such as Nissan.

This pro-business agenda is most clearly seen in the response of the trade unions today to the job losses at Nissan. The trade unions immediately agreed to sit down with Nissan in a "consultation period" to implement its programme of "voluntary redundancies." Ruling out any struggle against the job losses, the unions have instead raised the flag of economic nationalism and called for the government to introduce protectionist measures to defend the car industry and the British economy.

Just prior to the announcement of the Nissan job losses, the joint general secretary of the Unite trade union, Tony Woodley, had warned of upcoming job losses in the car industry and demanded that the government support "our industry." Unite has about 2,000 members at the Nissan plant.

"The case for helping the British car industry is straightforward," he said. "It is by-and-large profitable with strong product and faces no problems of the scale it does in the USA. Our industry is on the ropes because of market collapse, particularly for the sort of high-value vehicles produced by Jaguar and Land Rover."

Woodley concluded by demanding that the car industry be used as a bulwark to defend the competitiveness of the British economy: "One lesson of this crisis is that Britain needs a strong manufacturing sector. Over-reliance on finance has got us into this mess—let's give the car industry the chance to help us get out of it."