

British Steel goes bankrupt, threatening 25,000 jobs

By Robert Stevens
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Nearly 5,000 steelworkers' jobs and another 20,000 in supply industries could be wiped out after Tuesday's announcement that British Steel is insolvent.

The company, owned by "vulture fund" Greybull Capital, is the second largest steel producer in the UK after Tata. Its main plant is in the town of Scunthorpe in the Northeast of England where steel production goes back 150 years and where more than 3,000 workers are employed. Other jobs are threatened at the company's plants in Skinningrove, north Yorkshire and at Blaydon, in Gateshead. The firm also has a research and development facility in Rotherham, South Yorkshire.

British Steel was declared bankrupt after talks with the Conservative government broke down Tuesday evening over an emergency state loan of around £30 million. The High Court ordered the "compulsory liquidation" of British Steel, appointing the Official Receiver to oversee the process along with the accountancy firm EY.

Every job lost will be a tragedy for workers and their families in the areas of the country, long blighted by deindustrialisation, joblessness and low-paid work. Scunthorpe, with a population of just 83,000, is heavily reliant on employment at the plant. Unemployment in North Lincolnshire stands at 4.8 percent and would almost double to 8.4 percent (twice the national average) with the closure of the Scunthorpe plant. Workers at present earn around £36,000 (\$45,528), compared to the average wage in Scunthorpe of just over £22,000 (\$27,827).

Employees turning up for work on Wednesday were uncertain whether they would still be in work in 24 hours. Those who spoke to the media said they were being kept in the dark about what was happening. A 19-year-old employee expressed the fears of many, "It's going to be terrible for the town, everyone in Scunthorpe has a family member who works here so the effect will be huge."

One of British Steel's main suppliers, Hargreaves Services, a logistics firm based in the northeast of England, said that 170 jobs could be impacted if British Steel closes.

The Scunthorpe mill is one of only two integrated steel

producers in the UK, the other being Tata's plant in Port Talbot, South Wales that employs more than 4,000 workers.

British Steel's insolvency threatens to be a virtual coup de grâce against a once powerful section of the working class. The steel industry was nationalised by the post-World War II Labour government and then renationalised by Labour in 1967, after the 1953 Tory Churchill government took it back into private hands. In 1967, the nationalised British Steel Corporation employed a workforce of 268,000, with steel producing towns such as Consett, Corby and Ravenscraig becoming household names. Sheffield was once world famous as "Steel City," with 150,000 workers employed there in the industry.

The death knell of the steel industry was sounded by the Thatcher Conservative government that privatised it in 1988, followed by one plant closing after another. The Tories and steel corporations could not have decimated thousands of jobs were it not for the trade unions, which sold out the 1980 national steel strike and have never lifted a finger to defend a single job since then.

According to the GMB trade union, more than 150,000 steel jobs have been lost in the UK since the 1980s. In 1981, steel still employed 186,000 workers. Only 32,000 remain today. Entire regions were economically and socially devastated by steel plant shutdowns and the parallel closure of the coal industry—following the defeat of the year-long miners' strike of 1984-85 that the unions were also responsible for.

In the nearly four decades since the steel strike, 40,000 steelworkers lost their jobs in Yorkshire and the Humber alone and 25,800 in the West Midlands.

The unions have insisted for decades that workers cannot oppose demands for redundancies, pay and pension cuts and productivity hikes because sacrifices are needed to keep "our" steel industry afloat in a cutthroat global steel market.

The unions have repeated this mantra on behalf of the few parasites who run Tata and Greybull to this day, even with virtually no industry left to save. When Greybull bought Tata's Long Products division in 2016, including the

Scunthorpe plant, the Community union general secretary, Roy Rickhuss, dubbed the formation of British Steel as a “new chapter in the course of the UK steel industry.”

Greybull initially returned a profit, but only after collaborating with Community and the other steel unions in imposing a restructuring programme involving a cut in pay and pensions.

Last autumn, British Steel cut 400 managerial, professional and administrative jobs across its operations in the UK, Ireland, France and the Netherlands. In response, Community declared that the firm’s decision, having just reported first quarter profits of £21 million, “will come as a body-blow to the workforce who have already made huge sacrifices to make the business sustainable.” Nevertheless, it declared, the job losses came during “challenging times for UK steelmakers” and the union only implored the government to step in to “Save our Steel.”

Greybull executives hailed their intimate relationship with the unions in a statement on the insolvency, declaring, “The workforce, the trade unions and the management team have worked closely together in their determination to strengthen the business”.

What the unions were defending was an asset-stripping operation by individuals previously involved in the collapse of two other firms employing thousands of workers, Monarch Airlines and Comet. Their collapse led to the taxpayers footing bills running into tens of millions of pounds.

Greybull was able, with the support of the unions, to receive grants and loans of hundreds of millions of pounds from the public purse, utilising the name of “British Steel” to justify self-enrichment by a handful of multimillionaires. The last loan, handed over by the government only a few weeks ago, was worth £120 million. It was made necessary as a result of British Steel losing vast sums through a gamble involving the selling of additional carbon emission credits and will likely never be paid back.

After presiding over a disaster threatening the livelihoods of British Steel workers, the unions and Labour Party now demand—again in the “national interest”—that Prime Minister Theresa May’s crisis-ridden government take temporary control of what remains of Greybull’s operations, before organising its sale to yet another private corporation. Under conditions of a raging trade war, with the US levelling tariffs against the world’s largest steel producer, China, a glut of steel on the world market and a fall in demand, the only company that would even consider taking on the Scunthorpe plant would be a Greybull Mark 2!

The unions and Labour’s strategy chimes almost word for word with that of the *Financial Times*, which editorialised, “If both of the remaining large furnaces close, Britain’s

defence industry will become almost entirely dependent on foreign producers or smaller outfits that buy raw steel from elsewhere.” It advised, “The government should keep the assets running, and consider injecting further capital itself. Then a well-planned sale into private hands will be needed...”

British Steel workers must reject the reactionary nationalist programme of the unions and Labour Party of relying on the good graces of the Tories and another profiteering outfit to save their jobs.

Steelworkers in the UK are part of an international class, which must combine their immense collective strength to oppose every attack on their jobs, wages and conditions by globally-organised corporations.

Workers in Scunthorpe and at other British Steel plants must unite with Tata workers and steelworkers in Europe and internationally in opposition to a fratricidal struggle for dwindling markets amid an escalating trade war.

To fightback, workers must turn to the formation of democratically controlled rank-and-file committees, independent of the corporate-controlled unions and based on a socialist perspective. These committees should make preparations for national and cross-border strikes to stop the British Steel plant closings and mass layoffs everywhere.

The steel industry must be transformed into a public enterprise, collectively owned and democratically controlled by the working class, as part of the establishment of a planned socialist economy in the UK and internationally.

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Socialist Equality Party visit:

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