STEEL IN CRISIS AGAIN!

by New Worker correspondent

THE BRITISH steel industry is in crisis – and not for the first time. Steel has a turbulent post-war history. Nationalised by the 1945 Labour Government, it was the only major industry to be privatised by Churchill’s post-war administration. Harold Wilson’s renationalisation was in turn reversed by Margaret Thatcher. Now even the Financial Times is calling for its nationalisation, a suggestion the Tory Business Secretary has not ruled out.

Most of it is presently in the hands of Liberty Steel, a company employing 35,000 people across the globe with £200 at 12 British sites and another 10,000 jobs depending on it. Liberty Steel is presently in trouble because its main financial backer, the specialist bank Greensill Capital, went into administration.

The Government has rejected a plea from Liberty Steel’s owner Sanjeev Gupta for a £170 million cash injection to save the business. Business Secretary Kwasi Kwarteng said Liberty Steel was a “really important national asset” but added that “we are custodians of taxpayers’ money, and there were concerns over the very opaque structure of the GFP Group and we feel that if we gave the money, there is no guarantee that money would stay in the UK and protect British jobs. It’s a multinational enterprise.”

He has a point. Liberty Steel has a business structure that is opaque and complex. At least some of the previous generous public support has gone on the business’s delightful £42 million Belgravia townhouse in London and his 114,000-acre Highland estate.

Gupta

He received a £575 million guarantee from the SNP Government (about £5 million per job) to purchase the Inverness-shire hydro-powered aluminium smelter that has now been sold and has not repaid a £7 million loan given to purchase two small Lanarkshire steel works.

The UK Government has a plan to keep this vital business in operation. It had a similar trick up its sleeve in May 2019 when the Official Receiver, a government employee, took control of the then British Steel company whilst it sought a buyer. Unfortunately that was Gupta.

The main unions involved in the steel industry are demanding action. The GMB and Unite unions called for Liberty Steel to be nationalised following Kwarteng’s announcement. Ross Murdoch, GMB’s National Officer, demanded a “Plan B” that “must include all options, including taking the UK business into public ownership”. His opposite number at Unite, Steve Turner, said: “Steel is a foundation industry and is essential for the recovery of the UK economy as we rebuild from COVID-19.

“Unite is urging the government to do everything that is necessary in order to preserve Liberty Steel and secure its long-term future. This is key to protecting the jobs of its workforce and the communities where it is based, to safeguard its supply chain and ensure its customers receive the products they require.”

Community, which incorporates the former Iron and Steel Trades Confederation (ISTC), took a more respectful tone. Its General Secretary, Roy Rickhuss CBE, no less, said: “We hope Mr Gupta will succeed in obtaining the necessary financing with or without government support. However if he is not able to do this then government must step in to protect the jobs and assets,” adding that: “Community will continue to engage constructively with all stakeholders as we work day and night to secure the future of our businesses.”

Community also points out that: “No developed economy can thrive without steel, and access to a secure supply is both a public good and a matter of economic and national security.”

Across the globe in China the industry is booming. Last year it produced one BILLION tons of steel (some of which is being used to make turbines for British windfarms). According to business news agency Bloomberg, China is at the forefront of efforts to create a green steel industry. It has been clamping down on plants that break the pollution laws. It plans to reduce carbon emissions by 30 per cent by 2030 and aims for a carbon-neutral economy by 2060. No doubt there will be many hugecs and set backs along the way, but such ambitious planning is utterly impossible in the UK if the British working class allow its vital industries to remain in the hands of dodgy millionaires.

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FUND

It's the Easter weekend and we are all happy bunnies here with £1,240 in the bag that pushed us over target with a bit to spare. The grand total for March comes to £4,023 – £523 above our target for the month!

Many thanks to all who helped us, including last week including the Ipswich comrade who donated £500 to help us raise the 530 for another PC along with two Dagenham supporters who both sent £100 contributions after reading the news of our IT problems. An Essex supporter sent £20 and another regular contributor to the fighting fund gave us £40; A South Staffs reader donated £25 and another from Elsec gave us a fiver. We got £250 from a long standing supporter from Dinnington and a Hereford comrade’s PayPal £20.

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