UK Government in Talks Over £500m Aid Package for Tata Steel

Original article

2023-09-05

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The British government is in talks with Tata Steel, over an aid package of £500m to maintain their operations and transition production to emit far less carbon dioxide by replacing blast furnaces which use coal to electric arc furnaces. Tata Steel is the company that owns and operates one of Britain's three remaining large steel mills, Port Talbot in Wales. They reported a £347 million loss in 2021, even after extensive investment but made a £82m profit in 2022 on the plant. The other two large steel mills are owned and operated by British Steel, which itself is owned by the Chinese company Jingye Group.

The entire UK steel industry supports 39,000 jobs, with the Port Talbot plant employing 4,000 workers. The total output of this industry is £2.4 billion or 0.1% of Britain's GDP and 1.2% of Britain's manufacturing output. It has been in continuous decline since the mid-to-late 20th century as steel production moved to places in search of a higher rate of profit, with output reaching a record low of 7 million metric tons of crude steel in 2022. What little industry remains was and still is heavily subsidised, and generally makes losses despite this. Electric arc furnaces require less labour than blast furnaces, meaning that even if the aid package deal is confirmed, the British steel industry's profitability will continue to decline, and more and more steel workers will be made redundant.

Steel production is a lynchpin of the modern world, providing the frames for buildings, the chassis for vehicles, the cores of bridges, the skeletons of machines etc. Steel is instrumental in the creation of almost every single product of modern large-scale production. Even if the product itself is not comprised of steel, the machines and tools that it was made with were themselves almost definitely made of steel.

Only where production is guided by a rational, scientific economic plan created with full participation of the mass of working people, instead of being guided by the law of value, can Britain revive its steel industry. Worldwide, the need for steel is increasing, not decreasing and the demand for steel would be especially acute in a society undergoing radical social and economic transformation. Instead of being a source of unemployment and immiseration, the rise of labour productivity via the introduction of new methods and equipment (like them planned new arc furnaces) should be a source of joy. It allows for the reduction of the workday meaning more free time for personal development while at the same time releasing a greater supply of labour for all the monumental tasks of building communism and advancing productive forces at a rate unprecedented.

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