

Britain: 10,000 job losses announced in one week

Steve James
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Thousands of workers face the sack after a series of long-established companies announced they would rationalise, or completely abandon their British-based operations.

Within days of one another, clothing and household retailers Great Universal Stores (GUS), high street clothes retailer C&A, electronics firm BAe Systems and steel company Corus announced a total of over 10,000 job losses.

GUS first heralded the jobs catastrophe in a statement on June 9 that it intended to lay off 800 workers. The company said that the service and distribution jobs would be shed in line with plans to merge its mail order catalogue and retail shop businesses. The losses, concentrated mainly in Manchester and Worcester, will save the company £80 million over three years and help to stabilise profits, it said.

The London stock market greeted the decision with relief—the mail order sector registering only a small fall in its share price. The company's other operations have posted expanded profits in the last months. The Argos shop division reported an increase in profits to £137 million, Burberry's doubled profits to £21.7 million, and Experian, a credit checking business, recorded £200 million.

Five days later, the high street retailer C&A announced that it would close all 133 stores it runs in Britain, three distribution centres, and its Dublin store, by September with the loss of 4,800 jobs. Dutch owned C&A's British operation has been losing a reported £1million a week recently due to the fierce competition in the British retail clothing trade. C&A's move follows previous announcements by other famous shop chains, such as Marks & Spencers, to close stores and slash of jobs.

More specifically, C&A's drastic decision to end 75

years of retail clothing in Britain is the outcome of the company's drive to rationalise its operation across Europe. C&A, which has a £3.3 billion total annual turnover, is implementing a trans-European buying system for its remaining 577 stores across 12 countries. According to a corporate spokesman, this would produce a “product offer that did not meet UK customers' needs”.

Rationalisation is by no means confined to the retail industry. On June 15, BAe Systems plc, announced 3,800 job cuts among its 100,000 worldwide production and managerial staff. The losses flow directly from the company's merger with Marconi Electronic Systems last year, producing Europe's largest arms company. The company said its cuts were aimed at reducing duplication and “overlapping product capabilities” at all its 60 production sites.

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The cuts will affect workers all over the UK, from London to Edinburgh. Some sites, such as Ilford, Blackburn and York, will close entirely with work being transferred elsewhere. At Brough, East Yorkshire, 850 jobs will be lost and 750 jobs will go at two sites near Preston, north England. Some 500 jobs will be lost at the company's three shipyards in Glasgow and Barrow.

BAe Systems aims to exceed cost savings of £275 million through the cuts, with some reports suggesting at least £400 million will be saved for the company's shareholders. News of the job losses pushed the company's share price up by 4.7 percent.

On the next day, steel maker Corus announced that 1,400 workers, mainly in the Sheffield and Rotherham areas, would be made redundant in line with a corporate restructuring of its Engineering Steels division. Corus

was formed by the merger of British Steel and Dutch steel makers Hoogovens in October last year. The company says the present job losses are also partly due to falling steel demand in the UK, particularly from the car industry, which has traditionally accounted for 60 percent of demand. Earlier this year jobs losses were announced at the Rover auto factory in Birmingham and Ford's UK assembly plant in Dagenham is to close.

Corus's Tinsley Park works in Sheffield and a recycling business in Wolverhampton will both be closed by the end of this year, and 230 jobs will go as a result of rationalising research and development into two centres, in Sheffield and Ijmuiden, Holland. Corus's share price rose by 4.8 percent when the losses were announced.



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