

British corporate giants axe thousands of jobs

Mike Head

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Major British companies are eliminating thousands of jobs, sending official unemployment soaring toward two million, with predictions that 3 million workers, many of them young, will be jobless by 2010.

Led by the formerly state-owned telephone company BT Group, which on Wednesday announced the shedding of 10,000 jobs by the end of the financial year, some of the biggest names in British business are not just slashing jobs because of the economy's slide into recession. They are also using the slump to carry through permanent job-cutting and restructuring.

Mervyn King, the Governor of the Bank of England, also on Wednesday declared that Britain was probably already in recession, and warned of "very difficult times" ahead. The unemployment figures released the same day—and an avalanche of job cut announcements—made it plain that workers, especially the under-25s, are being made to bear the brunt of the "difficult times".

Figures from the Office for National Statistics revealed that a further 140,000 people lost their jobs in the three months to the end of September. The overall level of national unemployment now stands at 1.82 million, the highest since the Labour government took office in 1997.

Of the growing number of jobless, only about half are receiving benefits, with the welfare claimant count rising by 36,500 in the past month to 980,900.

Far worse lies ahead. The joblessness total is on course to top 2 million by the end of the year and employers say it is likely to approach 3 million by the Christmas 2009. The toll is forecast to rise to 3.3 million by 2011, reaching the devastating highs of the Thatcher era.

News of BT's job cuts immediately sent its shares up by about 10 percent, as investors reacted enthusiastically to the news. The company said the job

losses were not a "direct result" of the economic downturn. "This is a reflection of the fact we have to become leaner," BT chief executive Ian Livingston told the BBC.

Livingston said the move was aimed at reducing BT's dependence on consultants and contractors. About 4,000 of the job losses will be direct BT staff, the remaining 6,000 will be from related employees.

BT is also moving, backed by the unions, to slash its pension fund liabilities. The changes will save the company £100 million a year by reducing entitlements for 65,000 members of the final salary scheme, which was closed to new joiners in 2001. The normal retirement age will rise from 60 to 65, future entitlements will build up at a slower rate, the traditional link between final salaries and pension payments will be broken, and some members will have to pay higher contributions.

This week, Virgin Media announced 2,200 British job losses and Yell, publisher of Yellow Pages, said that it was cutting staff levels by 300. GlaxoSmithKline said 620 jobs would be lost. Construction equipment-maker JCB announced a further 398 redundancies on top of the 332 posts it revealed last month, after a fall in orders. Financial services firm, Friends Provident, said it was cutting 280 posts.

JCB's announcement, which it blamed on, "the extreme deterioration in business levels and confidence around the world," came despite thousands of JCB workers voting last month to accept a £50-a-week pay cut in an attempt to ward off job losses.

Mergers and takeovers of failing companies are also leading to heavy job cuts. Hewlett-Packard said last month it would axe 3,378 jobs in the UK—a quarter of its local workforce—with 90 percent of them understood to be staff from the IT firm EDS, which HP took over in August. The computer giant plans to trim its global numbers by 25,000—more than 7 percent—over the next

two years.

Unemployment among young workers is increasing most rapidly. The total of young people out of work has reached 579,000, the highest level since September 1995. Nearly 350 people aged 18-24—signed up each day for jobless benefits last month—pushed the total up to 302,000, nearly a third of the total claiming jobseeker's allowance in October.

Analysts said young workers were falling victim to recruitment freezes instituted by many firms as a precursor to job cuts. Philip Shaw, chief economist at Investec, said, "A lack of recruitment has a disproportionate affect on young workers, and the rise in unemployment among this age group is a typical indicator that overall job losses are set to rise."

Many school leavers now face a long period of hardship before hopefully securing their first job. The number of young people out of work for up to six months rose, by 12.8 percent between July and September, compared to the previous quarter, while the increase for the general population was 11 percent.

Total redundancies rose at an even sharper rate—21 percent—spread across wide layers of the working class. House builders, affected by the credit crunch and the resulting fall in homebuyers, laid off 31,000 workers in the three months to September. One company, Taylor Wimpey, said it had dismissed 1,000 workers since July, in addition to 900 laid off in the first half of the year.

The pace of redundancies also picked up in the distribution, hotel and restaurant sectors. About 30,000 workers, including chefs, bar staff and waiters, were made redundant between July and September, up from 28,000 in the previous quarter. A further 13,000 transport and communications workers lost their jobs in the three months to September. The number of finance workers made redundant between July and September leapt to 34,000, up from 21,000 in the previous quarter.

The jobs of up to 15,000 estate agents are under threat. Since the property market peaked in July last year, between 5,000 and 7,000 estate agents have lost their jobs, either through employers' staff cuts or through resignations as employees struggle to live on a basic salary without commissions. With housing sales down 50 percent, industry estimates indicate that as many as half the country's 30,000 agents could be

looking for work before any sign of an upturn in the housing market.

Both the government and the unions have washed their hands of those being made unemployed. In an interview with the *Independent* yesterday, the same day the jobless statistics were released, Chancellor Alistair Darling merely stated that the government needed to get "sharper and smarter" about getting people into new jobs.

Union leaders say they are shocked at the scale of the cutbacks, but have indicated their readiness to help companies, such as BT, implement the down-sizing so long as compulsory redundancies are avoided.

Andy Kerr, deputy general secretary of the Communication Workers Union, said, "We will be meeting BT as a matter of urgency to discuss the job cuts and we will insist on no compulsory redundancies." BT said it will achieve most of its target through retirements, thus laying the basis for an agreement with the unions.



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