

# Britain: New round of job losses announced as part of global cutbacks

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Last week saw a fresh wave of job losses in the UK, some 3,600 in total, as part of mainly global cutbacks. The latest announcements mean that in the last fortnight, major household names have announced job cuts totalling some 25,000.

In the past seven days, defence and aerospace group Rolls Royce announced it is to shed 2,000 jobs worldwide out of its 39,000 workforce, four percent of its staff. The company had already announced 2,300 redundancies in January. It has not specified exactly where amongst the 50 or so countries in which it operates the axe will fall, but 60 percent of its workforce is UK-based. It is known that 140 jobs are to go at its assembly and test facility in Derby, East Midlands. It means that in total the group will have cut its workforce by almost 10 percent.

The defence contractor BAE systems will cut 200 jobs at its plants in Leeds, Leicester, Barrow, Telford and Newcastle. AstraZeneca, one of the UK's leading pharmaceutical companies, has said it will shed 1,400 jobs globally. Facilities in Sweden, Belgium and Spain are to close and some 250 jobs are to go at the company's site in Macclesfield, Cheshire.

These latest cuts come after 10,000 job losses announced at the telecommunications group BT, 2,200 at Virgin Media, 620 at GlaxoSmithKline, a further 398 redundancies at construction equipment-maker JCB and 280 at the financial services firm, Friends Provident.

In common with these earlier lay-offs, the recent job cuts are not only in response to the recession in the UK economy, but mark an attempt by major corporations to use the slump to increase their competitiveness through major restructuring.

Rolls-Royce chief executive, Sir John Rose, said of the redundancies at the aerospace group, "We are determined to maintain our focus on cost reduction and competitiveness as the world economy enters a challenging period."

AstraZeneca's executive vice president, David Smith, said the losses "are a continuation of programme to improve the organisation's productivity and efficiency.... We believe these changes are necessary for the long-term strength of the business."

Speaking of the job cuts at BAE, Analyst Nick Cunningham said, "One can't help feeling that BAE is delivering a message

to the government because of procurement delays and on giving contracts to foreign suppliers."

The company has blamed job losses on cuts in government defence spending.

## Shutdown at car plants

In addition, the Japanese carmaker Honda has said it will halt all production at its plant in Swindon, southwest England for two months next year. In the largest manufacturing shutdown so far, Honda has said no cars will be produced at the site in February and March.

Official figures showed that UK car production had fallen by 25 percent in October while commercial vehicle production fell by 41 percent.

BMW had earlier stated that production of the Mini at its Oxford plant would halt for all of December. Ford will also close its Southampton plant from December 5 to January 5.

At Honda, workers will only receive basic pay--an estimated average weekly loss of about £70, or 15 percent. Ford workers in Southampton have said that a similar reduction to basic pay will cost them up to £300.

The UK closures came amidst reports that the American United Auto Workers union was in secret talks with General Motors, Ford and Chrysler to agree to major concessions from workers pay and benefits as part of a plea for Washington to bail-out the Big Three.

In Europe new car sales have fallen for the sixth month in a row, down by 14.5 percent in October. Amidst reports that car makers on the continent are seeking government loans of up to 40 billion euro (£33.6 billion), the European Union's competition chief Neelie Kroes has warned Germany and France in particular "to avoid the costly trap of a subsidy race" with the US.

Thousands of jobs have already been slashed in auto production in Germany, where the car industry accounts for one in every seven jobs. Daimler, BMW and VW are expected to make major cutbacks, with forecasts that 50,000 jobs in car

production and related industries could be shed by the middle of 2009. In France, where car manufacturing accounts for 10 percent of the national workforce directly and indirectly, PSA Peugeot Citroen announced 3,550 job losses. Renault had earlier said it would cut 6,000 jobs, 4,900 in France.

The only response of the unions concerned has been to complain of their disappointment while offering to work at a regional level with the companies concerned to find various cost-cutting schemes at the workers' expense. In France, the General Confederation of Labour (CGT--allied to the Communist Party) has confined opposition to the cutbacks at Renault with minimal token protests in the various localities, while in Germany IG Metall functionaries have offered wage cuts to the car manufacturers.

In the UK, the Unite union which organises Honda employees has said only that it has scheduled meetings with management and that "the union, staff and the company need to work together to minimise any financial hardship and to find ways to protect pay and long-term job security."

## From recession to depression

The unions' prostration and kowtowing to big business will do nothing to ameliorate the catastrophic social consequences of the growing economic crisis.

These latest announcements are only the tip of the iceberg. Unemployment in the UK is now expected to top two million by the year end--up from 1.82 million in September--and to reach three million by December 2009.

The Local Government Association has predicted a further 1.7 million jobs could go in the next 18 months. Manufacturing areas in the North and West Midlands, such as Birmingham, Coventry and Hull, are expected to be hit badly. The Civil Engineering Contractor's Association has warned that 17 percent of jobs--8,400--in the UK's small and medium sized civil engineering firms could go before Christmas this year.

London and the South East will be most affected by economic slowdown. Many of the construction industries headquarters are located in and around London, and building firms have already made significant cutbacks.

The capital is to fare especially poorly due to its reliance on the financial sector. An estimated 170,000 jobs in this sector have already been shed, or have been slated for cuts, over the last 12 months, with a further 170,000 expected. The Royal Bank of Scotland had previously said it would cut 3,000 investment-banking jobs worldwide, most of them in the City of London. Asset Manager Gartmore says most of its planned 75 job cuts will be in the UK, while the Bank of New York and JP Morgan are expected to make major cutbacks in the City. The failing US bank Citigroup is cutting 52,000 jobs

worldwide, with Britain expected to be the second largest casualty of its cull.

In the main, the jobs haemorrhage is barely mentioned in the media. Writing in the *Times*, November 22, Ian King noted that "It is chilling to realise that these job losses are only the ones that we know about, because they have all taken place at publicly listed companies that are obliged to inform the stock market of material changes in their prospects--including job losses.

"Beneath the radar, though, a further three million or so Britons are employed in companies owned by the private equity sector. They, too, will be quietly cutting jobs as, indeed, will the private equity industry itself."

He continued, "Equally hidden from public view are jobs being lost at small and medium-sized companies--often only two or three at a time, but they add up."

The Confederation of British Industry (CBI) has scaled down its earlier prediction of 0.3 percent growth next year to forecast a contraction of 1.7 percent. CBI Deputy Director-General John Cridland said, "What is clear is that the short and shallow recession we had hoped for a matter of months ago is now likely to be deeper and longer lasting" with a "significant loss of jobs".

"The real economy has been battered and the jury is still out on whether all the different government interventions will work," he continued.

The CBI's assessment came as Chancellor Alistair Darling prepared to announce an "economic stimulus" package based on tax cuts and government borrowing. However, several commentators were forecasting that such a policy would fail as the economy plunged from recession into depression.

The *Guardian* editorialised, "With any luck, Britain will get through the next two years with nothing worse than a recession. But that cannot be guaranteed. With the banking system still in crisis and the Bank of England slow off the mark in cutting interest rates, the risk is of something far worse; even cautious economists now talk about a possible depression."

The mood of despondency in business circles further deepened with news that Woolworths--an almost 100-year-old popular high street chain--is facing imminent bankruptcy. The retailer has said that if the banks do not agree to its proposed rescue deal, which will see its 840 stores sold for just £1, it will be obliged to put the group into administration this week, threatening nearly 30,000 jobs nationwide.



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