

Britain: Job losses escalate across all sectors

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Job losses in Britain continue to mount, with more large companies announcing this month that thousands of jobs are to go.

On May 12, the Office for National Statistics (ONS) announced official unemployment in the UK had increased by 244,000 for the last quarter and had reached 2.2 million. The quarterly increase in the jobless rate was the biggest since 1981. The total number of jobless is now at the highest rate since 1996, the year before the Labour government came to power.

With the new figures the official rate now stands at 7.1 percent, up by from 6.7 percent on the previous quarter. The numbers claiming unemployment benefits in April rose by 57,100 to 1.51 million.

Those being made redundant have also markedly increased. Redundancies rose by 27,000 in the first quarter of 2009, bringing the total number for the last year to 286,000.

The available vacancies have fallen in equally drastic terms. According to the ONS, there were just 455,000 job vacancies in the first three months of the year. Job vacancies fell 51,000 from the previous quarter and stood at 232,000 less than the same period in 2008. This represents the lowest number of available vacancies since records began in 2001.

Many urban regions of the UK reliant on what remains of manufacturing industry in Britain have been particularly hard hit by the job losses announced in the sector since September last year.

The unemployment rate in the West Midlands, once the heartland of auto manufacturing in Britain, is nearly one in 10—9.3 percent. Included in the West Midlands region is Birmingham, the second largest city in the UK.

Figures in from other regions paint a similarly bleak picture. In the first three months of the year the unemployment rate in Greater Manchester reached

120,700, the highest level since 1994. The unemployment rate in the region, with a population of just over 2.5 million, has increased from 9.3 percent to 9.5 percent.

Unemployment has risen in all 32 London boroughs, increasing by a total of 80,000 over last year.

The number of workless households has increased by 100,000 in the three months to December.

Job losses have continued apace in May, with more than 15,000 announced in the private sector alone. This month telecommunications firm BT announced that it was to shed 15,000 jobs globally this year, with an estimated 10,700 in the UK. The company announced the job losses after revealing a £134 million loss in the first three months of the year. These job losses will follow the 15,000 that were cut in 2008.

Further job losses announced include:

- 400 at defence research and technology company QinetiQ
- 1,200 at fashion retailer Bay Trading. Bay Trading announced that 125 of its retail outlets were also closing after administrators reached a deal to sell the chain.
- 625 at the Lloyds Banking Group
- 600 at the industrial supply firm, Cookson
- 170 at the Sheffield-based building products group, SIG
- 560 at the insurance group, Legal and General
- 400 at the newspaper distributor, John Menzies
- 120 at Kesa Electricals, Europe's third largest electrical retailing group and owner of the Comet electrical and household goods chain.

Overall the unemployment rolls have increased by 592,000 in the past year. Commentators and economic analysts forecast unemployment rising to three million or more by the end of the year.

On May 22, the retiring Monetary Policy Committee member Professor David Blanchflower, told BBC

Newsnight programme that he believed that unemployment was increasing amidst a “financial crisis that we really haven’t seen for a century”. In his opinion unemployment would rise “by an average of about 100,000 a month, at least until the end of this year”. Total unemployment would rise “by perhaps a million, perhaps by more”.

An analysis of the British economy published by the Economist Intelligence Unit last week described the state of the British economy as “very weak” and stated, “Reflecting the importance of financial services in driving growth in recent years and the severe weakness of the housing market, the UK is forecast to experience its most brutal contraction since 1931... Employment has also started to fall, and we expect the rate of unemployment to rise sharply, to close to 11 percent by 2011”.

According to the ONS, the 6.5 percent drop in manufacturing output between the three months to February and the previous quarter was the steepest since records began in 1968.

Nowhere is this more evident than in the auto industry, which as a result of plant closures and short-term working, has seen production cut by 45 percent on last year. The Society of Motor Manufacturers and Traders (SMMT) announced that only 68,258 cars were made in the UK in April, a fall of 55.3 percent on April 2008. Commercial vehicle production has fallen at an even faster rate with just 7,655 units being manufactured last month—a decline of 65.2 percent.

Total vehicle production for the first four months of this year is down by 56.2 percent.

Thousands of jobs are set to be lost in the public sector. According to a survey of 40 local authorities published in the *Times* earlier this year, some 7,000 job losses were planned. These included Nottingham City Council and Buckinghamshire councils who are set to cut more than 400 jobs each. Oldham plans to slash 544 jobs, while Northumberland plans 800 job losses. Other councils proposing job losses include Newcastle with 500, Bristol with 400 and Westminster with 200.

The Local Government Association found that one in seven of the 388 councils in England were planning to make redundancies.

Councils are also being forced to impose budget cuts, due to government instructions to make efficiency savings of more than £1.5 billion. Cuts are also being

made as a direct result of councils losing millions of pounds invested in banks that collapsed in Iceland last year. A total of 127 local authorities had £954 million deposited just in the Glitnir and Landsbanki banks when they went into administration in October.



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