

Official unemployment in Britain tops 2.4 million

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UK unemployment rose to a 14-year high in June, as economists warned it could surpass the 3.5 million mark.

Official figures revealed 220,000 people were laid off in the three months to June, taking the official unemployment rate to 2.4 million, or 7.8 percent. The losses are across the UK and in every sector.

The Office for National Statistics (ONS) data confirms that those aged below 25 are hardest hit by the jobs cull, with more than one-third of those made jobless in the last year aged 18 to 24.

One in five of 16 to 24 year olds are out of work, an increase of 6 percent in the three months from June to 928,000. Of these some 722,000 are aged 18 to 24, with the remaining 206,000 aged 16 and 17.

Over the last months, the number of 18 to 24 year-olds receiving the meagre Jobseekers Allowance rose by 75 percent. The figure is particularly striking, given the enormous hurdles faced by those seeking to draw the benefit.

The situation amongst those aged 16 to 18—the majority of whom are not entitled to state financial support—is worse. Fully one-third are officially recorded as unemployed.

Writing in the *Guardian*, economist David Blanchflower noted that, “One year ago, those aged between 16 and 24 accounted for about 14% of overall employment—since then, more than five in every 10 jobs shed has been lost by someone in that age bracket.”

An unemployment rate of 3.5 million was now “distinctly plausible,” he stated, with unemployment increasing “for many more months to come.”

Thousands of workers continue to be thrown onto the unemployment rolls each month. The largest losses were recorded in those regions that had previously relied on manufacturing industry.

The ranks of the jobless in the West Midlands increased

by 39,000 to 285,000 (10.6 percent), in Scotland by 31,000 to 188,000 (7 percent), the Yorkshire and Humber region by 24,000 to 233,000 (8.8 percent). In the south-east it increased by 26,000 to 263,000 (5.9 percent). In the capital, London, unemployment rose by 27,000 to 359,000 (8.9 percent).

Among the job losses announced during the period recorded by the ONS were 2,380 at the Lloyds Banking Group, 2,045 at Steelmaker Corus, 710 at Hewlett-Packard, the US computer manufacturer, and 400 at Exide’s battery factory in Bolton, Greater Manchester.

Commenting on the tide of monthly job losses, Ross Walker, of the RBS Financial Markets said, “For me the most important number is the employment figure, and that showed a very large 271,000 fall, so the economy is still shedding over 90,000 jobs a month.”

The statistics have prompted talk of a new “lost generation,” similar to the high rate of youth unemployment under the years of the Thatcher Conservative government in the early 1980s that witnessed inner-city youth rebellions.

This time around, however, the young unemployed include hundreds of thousands of young people who entered higher education with the hope of finding decent work and are heavily indebted as a result.

Nigel Meager, director of the Institute for Employment Studies, said, “This is the first recession in the era of a mass higher education system.”

In the 1980s less than 10 percent of young people went to university, and those who had done so still managed to find work, even after a longer wait than usual. Now, 45 percent of young people are graduates.

It is generally agreed that the situation will only worsen. In its quarterly inflation report, the Bank of England warned that the recession was “deeper” than it had expected and that economic recovery in the UK would be “slow and protracted.”

The “mayhem” caused by the banking crisis had caused widespread damage, the Bank’s Governor Mervyn King said. The UK economy is expected to contract by 4.4 percent this year—higher than the 3.9 percent forecast in May—he said.

The Chartered Institute of Personnel and Development (CIPD), in a quarterly survey of almost 1,000 employers, concurred that the jobs situation was “bleak.”

“When it comes to the immediate jobs outlook, the best that can be said is that things are getting worse more slowly,” said John Philpott, CIPD chief economist.

Although the official figures already testify to an acute social crisis, they conceal the much higher number of people who are out of work. Data made available this year following research by the www.marketoracle.co.uk showed that, “the unemployment statistics are heavily manipulated to under report true unemployment which would be nearly 6 million higher if all those of working age (16 to 64) were included in the data.”

Large-scale jobs cuts across the public sector are planned, with both Labour and the Conservatives claiming this is necessary to reassure the international financial markets of Britain's creditworthiness. It was also “far too soon to rule out another avalanche of private-sector redundancies later in the year,” Philpott said.

The unemployment figures caused consternation as to their possible repercussions. The *Guardian* editorialised that “the defining claim of New Labour has been that economic efficiency and social justice go hand in hand.” The unemployment figures “bore chilling testimony to the converse of this well-worn mantra,” it continued, warning that a “profound and pernicious change in British society is getting under way.”

The *Times* warned that the recession had damaged the notion of “Just Rewards” and could cause people to question the fairness of the economic set-up.

“One in twelve people in Britain is now out of work,” according to the paper. “Most of these people are suffering the consequences of mistakes made elsewhere. Bonus payments have returned to the City of London while manufacturing in the city of Birmingham is in trouble. The equity market is booming and, with the cost of money low, this is a good time to be an investment banker—and a bad time, starved of credit, to be running a small business.”

This is especially the case under conditions in which rising unemployment is being used to suppress wages, and carry through major restructuring at the expense of workers’ jobs and conditions.

Independent wrote on the rising number of “shadow unemployed,” which backed “anecdotal evidence that the UK’s liberalised labour market has both helped keep the official jobless totals low, while pushing many into a twilight world between traditional jobs and casual, insecure and poorly paid work.”

More than 1.6 million people have been pushed into reduced hours, casual or part-time employment. Almost half a million people are temping because they cannot find permanent jobs, and nearly one million say they are only working part-time because they cannot find full-time employment.

Average earnings excluding bonuses have fallen from 3 percent to 2.5 percent, while a record number of people in England and Wales were declared bankrupt in the second quarter. Individual insolvencies rose by almost one-third on the year to just over 33,000—the highest since records were first kept in 1960.

In his statement, King revealed that despite the injection of £175 billion of taxpayers’ funds into the banking system, personal lending has “barely grown over the past year and lending to the business sector has actually fallen.”

Earlier in the week, the Financial Services Authority had unveiled its proposals on pay and bonuses in the City of London, which marked a significant retreat from earlier suggestions that it would introduce curbs. Two bankers recruited to take over at the Royal Bank of Scotland, now two-thirds owned by the taxpayer, have been awarded multi-million pound packages—one worth £7 million in the first year alone.



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