

Three UK retail chains collapse

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Three major UK retailers collapsed in the space of just one week, wiping out 10,000 jobs and up to 1,000 stores.

The announcement that Blockbuster video rental has entered administration last Wednesday came after the failure of the music chain HMV and camera firm Jessops earlier in the week.

Blockbuster was the last major video chain in the UK. Administrators are currently seeking a buyer for some of its 528 stores but many are expected to go, leaving 4,190 jobs at risk.

The day before, January 15, HMV went into administration. Most, if not all, of its 240 stores are expected to close. All 16 stores in Ireland have already closed.

On January 9, Jessops collapsed. All 200 stores are now shut and 1,370 workers made redundant.

On Thursday two HMV branches in Limerick were occupied by staff, fighting to get the wages due to them. The *Irish Times* reported that a dozen staff had occupied the store at Crescent Shopping Centre and a similar number had staged a sit-in at the Cruise Street branch.

The newspaper quoted Chris, store manager at the Crescent unit, stating, "There are 4,200 staff working for HMV in the UK and Northern Ireland going into work this morning and there are 300 staff in the Republic of Ireland who are not going into work.

"There's a lot of money owed to people who work in ... all the stores in the Republic of Ireland. There's people with family and kids and there's people with over 10 years service and so on. I think it's very important that we get at least what we're owed and some guarantee about redundancy if the shops are going to close."

To date, neither the main UK retail workers union, USDAW, nor the Irish retail union Mandate had published a single statement on their sites on the

closures and job losses. Similarly, media coverage has largely sought to downplay the collapses, portraying them solely as the outcome of increased competition from Internet retailers and even a sign of a more "healthy" turn in the UK economy.

The *Financial Times* editorialised under the headline, "Slaying zombies of UK retailing", that the "Death of weakest chains is opportunity for new beginning".

Stating that there "are good reasons to welcome the process of creative destruction that is finally taking its toll on UK retailing", it continued, "Like a brush fire that clears the undergrowth choking a healthy forest, unsound businesses have to give way to new, healthier ones for an economy to flourish. The problem in Britain, and large parts of Europe, is that too few unhealthy companies are going bust."

"The result has been that an army of zombie companies has kept capital from shifting to more productive areas of the economy where new jobs could be created," it continued, stating that the latest collapses "implies that the war on zombies has begun."

The "innocent victims" of this "creative destruction", the FT acknowledges, are the 48,000 retail workers who lost their jobs last year alone. Stores closed at a rate of 32 per day, with the collapse into administration of chains including Comet, Peacocks and JJB Sports.

Some retailers have been able to consolidate their monopoly at the expense of their competitors' demise. But many of the beneficiaries are budget stores, with low overheads and lower wages and conditions.

Chris Ratten for RSM Tenon accountancy said, "We expect this year to be worse", with 12,679 retailers at "high risk of insolvency". Retail is the largest private sector employer in the UK, covering 3 million people.

The volume of retail sales fell by 0.1 percent during Christmas, and spending on the high street and online was down by 0.6 percent in the three months to December. The UK economy is posed to enter a "triple-

dip” recession, as the policies of austerity implemented across Europe result in rising economic insecurity and effective pay cuts with the average growth in earnings running at just 1.3 percent—well below the 2.7 percent inflation rate.

Job losses are by no means confined to retail. Tens of thousands of jobs are being destroyed in local government, the National Health Service, education and throughout the public sector.

As a result, according to the housing charity Shelter, 1.4 million people have fallen behind with their mortgage or rent payments while the numbers struggling to find the payments each month has risen by 44 percent to 7.8 million people. The British Retail Consortium estimates that half of all “squeezed families” will cut back on their grocery bills over the next six months.

Last week the government admitted that its assault on welfare benefits will result in a further 200,000 children being pushed into poverty, with the total number of children in poverty expected to rise from its current 3.5 million to more than 4.2 million by 2020. More than 60 percent of children in poverty are in working households.



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