

Barclays to cut 19,000 jobs worldwide

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British-based Barclays announced Thursday that the bank will cut 19,000 jobs worldwide over the next three years as part of a major retrenchment, significantly increasing the number of previously announced job losses. The job cuts include 7,000 positions at Barclays investment banking operations. The bank says the layoffs are part of an effort to reduce operating expenses by some \$2.8 billion annually in the face of declining profits.

Barclays said it will create a “bad bank” division consisting of \$195 billion in assets not profitable enough to keep. It will include assets no longer considered part of its core operation, including parts of its investment banking business and all of its European retail operations.

The huge job cuts expose the claim of a supposed economic recovery in Europe. It points to the continued prevalence of slump as companies continue to shed tens of thousands of jobs.

In announcing the job cuts Barclays CEO Antony Jenkins called the move a “bold simplification.” Michael Rake, deputy chairman of Barclays, said, “It is no longer doable for us to be a global, universal bank.” As part of the cuts the bank says it plans to sell its retail banking business in France, Italy and Spain.

In relation to its investment banking operations Barclays says it will focus on business in Britain and the United States while cutting back in Asia. It will concentrate on equities, credit and certain foreign-exchange businesses. Outside of the cuts to its investment bank, about half of the job cuts will be from branches in Britain, Europe and Africa.

Barclays reported that its first-quarter profit fell by 5 percent. The bank’s operating profit was down nearly 50 percent based on a significant reduction in its fixed-income, currencies and commodities business.

Barclays had been considered one of the most successful and profitable banking concerns. It emerged

relatively unscathed from the 2008 financial meltdown, acquiring the North American operations of the collapsed Lehman Brothers. In moving away from a focus on investment banking it now says it will concentrate on activities that require less capital and those in which jobs can be done by computers.

In the weeks leading up to the job cut announcement Barclays had announced a series of management changes including the departure of several former Lehman Brothers staff.

Despite weak profits, Barclays drew public criticism for increasing the amount of bonuses paid to investment bank executives last year by 13 percent. The average bonus for its investment bank staff was 60,100 pounds or about \$100,000. Jenkins defended the payout saying that the bank needed to recruit the best talent to compete with its global rivals.

Former Barclays CEO Bob Diamond resigned in 2012 in the wake of admissions that the bank had sought, along with other major banks, to manipulate the benchmark London Interbank Offered Rate (Libor) between 2005 and 2009. The daily Libor rate determines the interest rates for loans and investments that affect hundreds of millions of people throughout the world. By helping rig the Libor rate Barclay was able to inflate its profits at the expense of ordinary consumers.

However no bankers were jailed as a result of their criminal actions. As for Barclays, it paid a token \$450 million fine, a tiny percentage of the profits it reaped due to the rigging scandal. Diamond, rather than a prison term, received a hefty severance package on his departure.

In another sign of continuing slump, engineering conglomerate Siemens provided additional details this week of a major cost cutting and restructuring plan that is expected to include significant job losses. As part of the reorganization the company says it will reduce the

number of divisions from 16 to 9. Siemens says it aims for total cost savings of \$1.4 billion. While management has given no specific number of job cuts, one source put the number at between 5,000 and 10,000.

It follows the announcement by US retailer Office Depot that it will close 400 stores by the end of 2016 after its merger with rival OfficeMax. The company has already closed 14 stores this quarter and plans to close another 150 by the end of the year.

Meanwhile, the Tennessee Valley Authority says it will reduce its staff by 10 percent this year. The publicly owned electrical power generating utility accepted 750 early retirements and resignations under a voluntary incentive program and will not fill another 1,000 job vacancies. Other involuntary layoffs are expected. The cuts are the largest in the last 20 years at the TVA and are partly a response to a slowdown in the growth of US power consumption.

Fertilizer giant Mosaic says it will eliminate 500 jobs in the US and worldwide as part of a cost cutting program in the wake of an earnings decline. The majority of the company's employees work at its mining operations in Florida, Canada and South America.

Fashion retailer Boutique Jacob Inc. is going out of business and shuttering 92 stores across Canada. The company filed for creditor protection in 2010 and attempted a restructuring of its operations.

Other job cuts announced this week in the US include a proposal by Fulton County, Georgia to lay off 214 employees, including 98 employees from the county library system. Cuts would also hit homeless shelters and the health department.

Mining company Consol Energy is laying off 188 workers at its Buchanan mine in Virginia. It blamed the cuts on a reduced global demand for metallurgical coal.

Wake Forest Baptist Medical Center said Thursday that it is laying off around 350 employees. It blamed growing expenses and declining reimbursements from federal and state health insurance.



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