

# Mass job losses loom in Scotland

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On the back of thousands of job cuts in the UK steel industry, winding up 150 years of steel production in Scotland, mass job losses have been announced by major employers.

Workers in the North Sea oil and gas industry and across local government and HM Revenue & Customs (HMRC) tax offices will be among the worst hit.

The latest figures from the Office for National Statistics recorded an 11,000 hike in unemployed between July and September. Scotland's unemployment rate now stands at 6 percent—double its pre-recession low—compared to 5.3 percent for the UK as a whole. Economic growth has also begun to lag behind the UK rate, which also slowed dramatically.

Higher unemployment and slower growth in Scotland are being driven by the crisis of the UK offshore oil and gas industry, which accounts for a much greater portion of the economy than any other UK region. With some of the highest exploratory costs of any offshore site in the world, British fields, based predominantly off the coast of Scotland, have been hit severely as crude values have tumbled by 60 percent in the past year.

As energy firms have moved to shore up profits by slashing investment and operational costs, employment in the sector has fallen by 65,000 to 375,000. Prior to the oil slump, some 225,000 of these posts were based in Scotland, equivalent to one in 12 jobs north of the border. The *Aberdeen Press and Journal* reports “up to 20,000 more positions are expected to go before 2020.”

Recently, Chevron, which axed 225 jobs in Aberdeen last July, announced another 140 posts are at risk in Aberdeen, London, Norway, Denmark and the United States. Danish giant Maersk Oil has initiated 220 redundancies as part of the retirement of its Janice oil installation. Royal Dutch Shell is to withdraw from the majority of its operations in the North Sea. According to Swift Worldwide resources, some 233,000 oil jobs have been stripped globally since 2014 and this figure

is projected to top 250,000 by the end of 2015.

Hundreds of redundancies are filtering through the oil and gas supply chain, which supports around 2,000 companies across Scotland. To name but a few: US electronics manufacturer Plexus is downsizing production in Bathgate at the expense of 50 posts. Howco, a supplier of specialist alloys, is shedding a similar number from its 167-strong workforce in Irvine. And around 260 jobs are imperilled in the Shetlands, where the Wood Group PSN and Bilfinger are reducing the workforce refurbishing the Sullom Voe oil terminal.

The City of Aberdeen in the northeast of Scotland, the UK oil capital, is in deep crisis. The numbers claiming out-of-work benefits increased by 39 percent in October, compared to the same month last year. Shockwaves have been felt across the wider region where house prices and businesses have begun to stagnate. A 66 percent spike in claimants was recorded across Aberdeenshire and 25 percent in the neighbouring Highlands.

The oil slump has exposed the fraudulent nature of the Scottish National Party's (SNP) referendum campaign last year, which hinged on the promise that an independent Scottish state would utilise oil revenues to eliminate austerity. This was always a cynical fraud aimed at marketing its right-wing separatist agenda to the working class. Demonstrating the party's true constituency, the devolved SNP administration worked with the Conservative government of Prime Minister David Cameron to arrange £1.7 billion of additional tax breaks for energy conglomerates. The industry now contributes less to government revenues than it receives.

A similar pro-corporate alliance between the nationalists and the Conservatives is on display over the crisis in the British steel industry, where 4,000 jobs have gone since the summer. Both are united in a strategy of securing the profit interests of the industry

by offering up tax breaks and subsidised energy costs. Both have sought, alongside the Labour Party and the trade unions, to stifle the resistance of the working class by promoting anti-Chinese chauvinism, blaming China for the “devastating impact that steel dumping has on the Scottish industry.”

So much for the SNP’s “civic” brand of nationalism.

The move by Tata Steel to close the last remaining steel plants in Scotland, at Dalzell in Motherwell and Clydebridge in neighbouring Cambuslang, will erase 400 relatively high paid jobs and further impoverish working class communities devastated by decades of deindustrialisation. Motherwell and the surrounding area never recovered from the shutter of the sprawling integrated steel factory at Ravenscraig in 1992, which cost 10,000 jobs. Today, North Lanarkshire accounts for 23 of the most deprived regions in Scotland, second only to the Glasgow City Region.

Many more workers will be pitched into destitution after North Lanarkshire council, based in Motherwell, unveiled plans to slash 1,095 full-time posts, approximately 10 percent of its workforce. Similar measures are being carried out with the backing of all the major parties across Scotland’s 32 local authorities: 8,000 redundancies have been initiated, including 3,000 at Glasgow City Council and 2,000 at Edinburgh.

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Approximately 40,000 public sector jobs, primarily at local authorities, were cut in Scotland in recent years. This figure could rapidly double as councils face a combined financial shortfall of £1 billion despite repeated rounds of brutal budget cuts.

This is before the impact of the unprecedented austerity cuts tabled by Chancellor George Osborne in his Autumn Statement is factored into the Scottish budget. According to the Institute of Public Policy Research (IPPR), non-protected Scottish government departments, including local government, will see budgets fall by between 9.5 and 13.5 percent

Cuts to departments directly managed by Westminster will also result in mass job losses. The HMRC has outlined more than 2,000 redundancies in Scotland, as part of plans to close 137 offices across the UK over the next decade.

The official employment statistics conceal the full scale of the assault on the social position of working

class at the hands of the SNP and successive UK governments. While Scotland’s unemployment rate has recovered somewhat from its 9 percent peak following the 2008 financial collapse, most employment is in generally low paid and insecure jobs. Last month, Bank of England Chief Economist Andy Haldane characterised the years since 2008 as “one of the largest and longest squeezes on wages since at least 1850.”

A recent study commissioned by global financial services company KPMG found that 450,000 workers, one in five, earn less than the miserly Scottish Living Wage of £8.25. This is an increase of 27,000 people over the last year. The figures include 72 percent of young people aged 18-21 years, who are the most poorly paid group, alongside women (29 percent) and part-time workers. With a median hourly wage of just £11.76, low pay is the norm for the majority of Scottish workers.

At the opposite pole of society, Scotland’s four richest families are now worth £1 billion more than the combined wealth of the poorest 20 percent of society—one million people. Annual figures published by the High Pay Centre indicate that the median pay of executives of Scotland’s largest businesses stands at £1.1 million or 77 times the earnings of a minimum wage worker.



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