

# Hundreds of thousands of UK jobs threatened as coronavirus spreads

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Hundreds of thousands of UK workers stand to lose their jobs and livelihoods as the coronavirus spreads rapidly. In the last two weeks, a wave of companies have collapsed into administration and closure—meaning that tens of thousands of workers losing their jobs will not have one to go back to after the lockdown ends.

The large Debenhams department store chain began the week by announcing its intention to go into “light touch” administration to fend off legal action from creditors. It is unclear how many of its remaining 40 stores and 20,000 jobs will remain when stores reopen after the coronavirus lockdown. The company had already planned 28 closures in 2021.

As the virus takes its toll, unemployment mounts. Over the weekend, store chain Cath Kidston, which sells everything from furniture and clothing to pet accessories, announced it was going into administration, shedding 847 jobs.

Last week, restaurant chain Carluccio’s and retailer Brighthouse both collapsed into administration putting 4,400 jobs at risk.

The COVID-19 outbreak has precipitated an avalanche of job losses, described by the Financial Times as “economic Armageddon.” The unemployment rate for the quarter ending June is expected to soar to eight percent, up from 3.9 percent in January, to 2.5 million. By September, a figure of at least 8.5 percent is predicted.

On March 20, Boris Johnson’s Conservative government announced the closure of all bars, pubs, restaurants, leisure facilities and high street stores in a belated attempt to curtail the spread of the coronavirus.

Italian-owned Carluccio’s, with 71 outlets and 2,000 employees, was the first chain in the dining sector to announce its collapse since being forced to close its doors to the public. Administrator FRP Advisory said it was hoping to mothball the business under the government emergency job retention scheme, which provides 80 percent of employees’ wages.

Even before the outbreak, Carluccio’s was in trouble, due to fierce competition in the industry, rising costs and falling

revenues. In 2018, it entered a company voluntary arrangement to renegotiate its debts.

Brighthouse, mainly located in rundown shopping centres, faced difficulties before the pandemic, closing 30 stores last year. The shuttering of its remaining 340 outlets means 3,000 job losses. Preying on the most financially vulnerable, Brighthouse was the UK’s leading rent-to-own retailer, notorious for high interest loans for customers to purchase white goods, TVs and furniture.

The firm was recently hit by new regulations curbing high-cost lending, and compensation claims for failing to carry out credit-worthy checks.

The Mexican restaurant chain Chiquito also went into administration, threatening the closure of 61 restaurants and 1,500 jobs.

Marston’s, proprietor of 1,400 pubs across the UK, and Mitchells & Butlers, the owner of Toby Carvery—before lockdown packed with working-class families enjoying traditional roast dinners—and All Bar One are struggling to avoid foreclosure.

On March 17, fashion house Laura Ashley became the first retail casualty of coronavirus, with 150 stores shutting and 2,700 redundancies. Founded in 1953, it became famous for its unique textile and wallpaper designs, furniture and women’s clothing. The company was already struggling and on the verge of securing a £150 million loan to keep afloat, when main shareholder, Malaysian-based investment company MUI Asia Limited, pulled out.

The UK’s retail industry has been particularly hard hit in the recent period, losing 140,000 jobs in 2019. The rise of online-based shopping and companies like Amazon with fewer overheads left department chains unable to compete.

The pandemic has greatly accelerated what was an already advanced decline. Last year, Debenhams shut stores while Mothercare folded completely.

On the same day as Laura Ashley’s demise, Dixons Carphone announced the closure from April 3 of all its 531 stand-alone stores in the UK, with 2,900 posts going. The company plans to sell online or via its 305 “shop-in-shops”

in Currys PC World stores when stores reopen. Dixons Carphone said the decision to shutter stores was unconnected to the pandemic.

British clothing chain Mountain Warehouse, an outdoor gear specialist, said it was considering 2,000 redundancies across stores in nine countries following a “catastrophic drop in sales.”

Halfords is another well-known brand cutting back on its High Street presence, announcing it would shut its 22 Cycle Republic stores, which serve mostly city commuters. Some 200 jobs will be lost.

The collapse of these firms and loss of thousands of jobs only confirms that the £370 billion emergency coronavirus bailout fund that the government made available to big business is doing next to nothing to protect the working class from the loss of their livelihoods.

A month ago, regional airline Flybe went into administration, with the loss of 2,300 jobs. The airline provided half the UK’s domestic flights outside of London. Reduced bookings due to coronavirus was the final straw.

Airlines are teetering on the brink as travel is banned.

The UK’s flagship airline British Airways (BA) cancelled all flights out of London’s Gatwick airport and suspended 30,000 staff, who will be paid 80 percent of their wages under a “modified” version of the government’s furloughed workers’ scheme, in agreement with the trade unions. BA boss Mr Cruz explained the industry was faced with a “crisis of global proportions,” immeasurably worse than the fallout of the SARS virus or 9/11, warning that “jobs would be lost—perhaps for a short term, perhaps longer term.”

Speaking like a CEO, Brian Strutton, head of the pilots’ union Balpa, said: “The reality is, with such a loss in forward bookings for the summer—the time when airlines make all their profit—the airlines have had to look at ways to save money to keep the companies afloat.”

BA rival Easyjet has grounded its entire fleet. The BBC reported seeing a memo to Ryanair staff saying that crew may be forced to take unpaid leave.

The Centre for Aviation, an Australian consultancy firm, said the impact on the industry means that “[by] the end of May 2020, most airlines in the world will be bankrupt.”

Kate Nicholls, chief executive of trade body UK Hospitality, warned that “Our analysis suggests in excess of 1m jobs are now on the line.”

Outgoing chief of the Office for Budget Responsibility, Robert Chote, warned the Treasury Select Committee that some businesses will “inevitably” fail.

While big corporations were handed a bailout, 800,000, or a fifth of small businesses, are weeks away from going bust. The Corporate Finance Network warned that the government’s coronavirus interruption loans, ostensibly

aimed at preventing companies collapsing, are either inaccessible due to bank closures, or businesses report that they are ineligible.

This means thousands more will be thrown into the draconian Universal Credit system—from which nearly a million workers who have already been made unemployed by the crisis are seeking to claim paltry benefit payments.

Two thirds of UK car production ground to a halt as BMW, Honda and Toyota joined Vauxhall and Nissan in shutting plants due to the pandemic. The day before, aerospace giant Airbus stopped production.

Car production, the biggest UK industrial employer with 1.7 million workers, has been haemorrhaging jobs in the past period due to fierce competition in a shrinking world market.

Looking to the future of UK auto production, Chief Executive of the Society of Motor Manufacturers and Traders, Mike Hawes, warned the industry “stands on the precipice.” Professor Karel Williams of the Manchester Business School said that “lost sales will not be found again and there will be a massive hit in terms of lossmaking in the major carmakers.”

Measured against the scale of the 2008 economic crash, the social and economic consequences of the coronavirus crisis are predicted to be far more severe. According to the International Labour Organization, the coronavirus crisis will slash working hours by almost seven percent worldwide in the second quarter of 2020. It described a “catastrophic” effect that is equivalent to the loss of 195 million full-time workers. This is compared to the 22 million losses after the 2008 global financial crash.



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