Pandemic crisis: Tens of thousands of UK job losses announced

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Aero-engine maker Rolls Royce—the second largest engine manufacturer in the world—is the latest company to announce redundancies. The company plans to cut 9,000 out of 52,000 jobs, to be lost mainly in the UK.

Anticipating that it will be several years before production rises to pre-pandemic levels, restructuring will fall on the group's civil aerospace sector, due to plummeting demand from aircraft makers Boeing and Airbus.

The jobs cull in the UK began in April as firms in retail and hospitality collapsed into administration after the imposition of lockdown, accelerating an already existing trend towards recession.

Senior economist Nye Cominetti at the Resolution Foundation think tank warned, "Britain could still be facing the highest unemployment levels … in over a quarter of the century." Bank of England chief economist Andy Haldane agreed, declaring the UK was heading for "1980s levels of unemployment," when joblessness rose to 3 million.

According to the Office for National Statistics (ONS), the numbers claiming unemployment benefit reached an historical high with 856,500 claims for April—a 69 percent increase—bringing the total number of claimants to 2.1 million.

After these figures were announced, Conservative Chancellor Rishi Sunak commented that the economy was entering a "severe recession, the likes of which we haven't seen." Contradicting comments of Prime Minister Boris Johnson, he said it was "not obvious there will be an immediate bounce back" from the economic downturn.

The number of job vacancies halved in April to 350,000, down from 750,000 in March. Unemployment rates, come September, are predicted at 8.5 percent, or over 5 million.

Breaking down the figures, Tony Wilson, director of the Institute for Employment Studies, observed that the "clear evidence now emerging that those areas … worst off before the crisis have seen the biggest rises in unemployment."

This is confirmed by Resolution Foundation research revealing lower-paid agency workers and those on zero-hour contracts are most likely to be furloughed or lose their jobs. School leavers will suffer due to a third fewer apprenticeships, while graduate jobs are down 12 percent—according to an Institute of Student Employers' survey.

The collapse in tourism is decimating aviation. Plane maker Boeing announced 16,000 job cuts, while Virgin Atlantic and Ryanair announced 3,000 redundancies apiece. UK flagship British Airways (BA) announced 12,000 redundancies from its workforce of 42,000, followed by a 55-75 percent pay cut, slashing entry-level cabin crew pay to £24,000. Most BA crew are on furlough.

Under the furlough scheme, the government pays 80 percent of laid-off workers' wages until the end of July, up to £2,500 a month—covering a fifth of the UK workforce. This subvention to business costs taxpayers at least £14 billion a month.

The assistant general secretary of the Unite trade union, Howard Beckett, responded to BA's pay cuts with the pathetic complaint that this was "a complete abuse of the government Job Retention Scheme." BA, however, taking advantage of the pandemic to lower costs in an already ailing industry, is only emboldened by previous concessions by Unite, GMB and the pilots' union, Balpa. Last year, Balpa ended the first strike by pilots in 40 years, accepting a deal barely different from the company offer rejected by a 90 percent majority.

Aer Lingus, like BA, part of the International Airlines Group, plans 900 job losses out of a workforce of 4,500.

Another firm to shed jobs due to the travel freeze is Anglo-German TUI, the world's largest tour operator. The company operates out of Bournemouth airport to holiday destinations in Europe. It aims to cut costs by 30 percent, after profits plummeted £747 million for the first half of 2020. In March, the company announced a 50 percent salary cut for 10,000 staff. The German government stepped in with a loan worth £1.6 billion, repayable in 2022.

General Secretary of the TSSA travel and transport industry trade union, Manuel Cortes, merely said, "We are extremely disappointed that TUI is planning to cut 8,000 jobs."

Southampton-based cruise giant Carnival UK, owner of the Cunard and P&O Cruises brands, plans around 450 redundancies. The remaining staff will suffer a 20 percent cut in pay and hours until November. Each stopover by a cruise ship that docks in Southampton is worth £2 million, so the knock-on effect for local businesses will be disastrous.

Dorset boat builder Sunset International, whose workforce is currently on furlough, announced 460 job losses, a fifth of its workforce, since the demand for luxury vessels dried up.

P&O Ferries recently announced 1,100 redundancies, due to travel restrictions. Normally during the holiday season, P&O ferries are packed, transporting passengers between Dover and Calais, and Hull to Zeebrugge or Rotterdam. The company had already furloughed 1,400 workers under the Job Retention Scheme, which is benefitting some of the most profitable concerns, including more than a quarter of the UK's largest firms listed on the FTSE 250 index.

P&O Ferries is a case in point. Along with the ports of Southampton, London gateway and international terminals, P&O is part of a global empire owned by DP World. The Dubai-based entity accrued profits of £1 billion last year. Two months ago, the firm said it would pay shareholders dividends worth £270 million.

As well as finance from the furlough scheme, the company applied for a government subsidy of £150 million to maintain the movement of goods. It operates across the Irish Sea and English Channel, carrying 15 percent of trade, worth £122 million, in and out of the UK. The Department for Transport provided £27 million to subsidise critical ferry delivery routes, including those belonging to P&O.

The *Sunday Times* reported last weekend that at least 63 of the UK's richest individuals, including 20 UK billionaires are profiting from the Job Retention Scheme. Meanwhile, small businesses face ruin, and non-contractual workers impoverishment, as they do not qualify or cannot access the scheme.

The government is using the economic chaos caused by the pandemic to further redistribute wealth from the working class to the super-rich, and restructure industry at the expense of jobs, pay and conditions—in preparation for deepening trade war as the world economy shrinks.

"Employees should brace themselves for pay freezes or even pay cuts in the year ahead to help preserve jobs," said Gerwyn Davies, senior labour market adviser for the Chartered Institute of Personnel and Development (CIPD). A CIPD report issued this week found that more than a fifth of employers plan to make redundancies over the next three months. The *Financial Times* noted that the survey shows "many more had only been able to avoid lay-offs by freezing pay, putting a stop to hiring, cutting bonuses and making extensive use of the government's furlough scheme."

UK conglomerate JCB, which makes heavy construction, agriculture, waste handling and demolition plant, announced 950 redundancies, including 500 Guidant agency jobs, due to the halt in construction. Chief executive Graeme Macdonald explained, "In 2020 we had planned to sell and produce over 100,000 machines. … that figure right now is looking more like 50,000." The company, chaired by Tory donor Lord Bamford, employs 6,700, either directly or subcontracted and sells 85 percent of its products abroad. Most JCB workers are currently being paid under the Job Retention Scheme.

Leading banks shed 2,800 in the first quarter of this year. HSBC had already planned 35,000 redundancies over the next three years, to be matched with redundancies at Deutsche Bank and Swiss finance houses Credit Suisse and UBS.

Jobs are under threat across the board. Britain's second-largest energy supplier OVO Energy announced 2,600 job cuts, affecting gas engineers, electricians, meter readers and call centre staff. UK universities face financial Armageddon as revenue from foreign student tuition fees dries up. Up to 60,000 jobs are threatened.

Since 2008, in a decade of austerity, the trade unions have collaborated in imposing pay cuts to fund the government's bank bailout. Now, they are playing a particularly treacherous role at this critical juncture, assisting the government in ending the lockdown. This premature move, while the virus is active, and without adequate public health measures in place to contain further spread and protect those in work, threatens the lives of thousands.

Trades Union Congress General Secretary Frances O'Grady and Labour's Shadow Chancellor Anneliese Dodds have now called for a "National Recovery Council" encompassing the unions, business and government that will work to impose the devastating cuts now on the agenda.