

UK: 600,000 workers already kicked off payrolls during COVID-19 lockdown

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Millions of workers and their families in Britain are facing an unprecedented onslaught on their jobs, wages and working conditions.

Even as the government reopens the economy, with all non-essential shops allowed to open from this Monday, jobs are being shed by the tens of thousands.

The economic carnage wrought by the pandemic saw the UK economy collapse by more than 20 percent in April—the first full month after the lockdown was imposed on March 23.

Companies are responding by implementing long-planned restructuring operations. Mass layoffs, a halt to hiring, and pay cuts are the order of the day.

This week's Office for National Statistics labour market report showed that the number of workers on payrolls in Britain fell by 612,000 (2 percent) in the first two months of the lockdown. Across the economy, the number of hours worked fell by a record 94.2 million in April—a drop of almost 9 percent. The number of vacancies fell by a record 436,000 (60 percent) between March and May to reach 318,000. Real average pay declined a further 0.8 percent between April and May, following the already sharp decline of 2.8 per cent between March and April.

In the last weeks, over 43,000 job losses have been announced by major UK firms in many sectors. Nearly 14,000 of these are to go in the UK. Among the sectors hardest hit are aviation, aerospace, builders' merchants, and car manufacturing. This week Jaguar Land Rover announced another 1,100 job losses among agency staff/contractors as part of a "transformation programme". These are on top of 5,000 job cuts announced last year. Builders' merchants Travis Perkins announced 2,500 job cuts this week and outsourcing firm Capita is shedding 200 jobs.

The job losses could well run into the millions, as the

Johnson government's furlough scheme is phased out from August to October. This week the government announced that 9.1 million workers were being paid 80 percent of their wages, up to a ceiling of £2,500 a month, under its Coronavirus Job Retention Scheme. On top of this, 2.6 million self-employed workers have made claims from the Self-Employed Income Support Scheme. This means that more than a third of the entire workforce are currently being paid by furlough schemes.

Without these cushions, the unemployment rate would have already rocketed far beyond the nearly 4 percent in the first three months to April. As it is, the crisis has forced 1.6 million workers into claiming work-related benefits since the lockdown began—a rise of 125.9 percent.

The cost of these schemes, around £29 billion, is dwarfed by the hundreds of billions made available to the corporations and banks. But the ruling class hates the concessions it has been forced to make to working people.

Those who are not forced back to work under dangerous conditions over the next weeks face losing their jobs, as there is no indication that companies will pay 20 percent of the costs or more to keep workers furloughed. From August to October, workers on furlough will continue to receive 80 percent of their salary, but the amount paid by the state will be reduced each month, with employers expected to make up the shortfall.

Last month, the Office for Budget Responsibility's was forced to raise its estimate of the cost to the state of the pandemic to £123.2 billion, from its previous calculation of £103.7 billion. Annual borrowing shot up to 15.2 percent of UK GDP. In the intervening weeks, this will have risen again.

These staggering sums are to be clawed back from the working class in an offensive that will make the last 10 years of austerity pale in comparison.

Commenting on the new figures, “Tej Parikh, chief economist at the Institute of Directors, warned, “The furlough scheme continues to hold off the bulk of job losses, but unemployment is likely to surge in the months ahead.”

This is already confirmed in HMRC data pointing to the number of employees in the labour market falling by 160,000 in May. On Tuesday, the Resolution Foundation commented, “This [May figure of 160,000] has so far showed up in a rise in economic inactivity (up 425,000 in April) rather than unemployment, with the lockdown limiting the numbers actively searching for work ...

“The claimant count—a measure which includes those claiming unemployment benefits and some low-income workers—reached 2.8 million in April, an increase of 530,000 on the month, far surpassing the peak of the last crisis (1.6 million).”

Speaking to Sky News, Paul Johnson, director of the Institute for Fiscal Studies, warned, “This is economically catastrophic on a scale literally never seen before in history. The real question is what happens next.”

Johnson said the virus disappearing over the next few months and the economy returning to normal was not about to happen. “The real risk, and the more likely outcome, is that the furlough scheme gradually begins to be withdrawn and a lot of jobs will be lost,” he said, adding, “Remember unemployment rose by a million last month, and it will continue to rise.

“More businesses will go out of business and then the issue is that next year we’ll still be in a position where there are fewer businesses operating and fewer people in work.”

The British economy was particularly fragile, he said, with a “unique triple threat” of the coronavirus impact, gathering economic crisis, and Brexit taking place next year—with the likelihood that the UK will not finalise a trade deal with the EU and crash out with a “hard Brexit.”

Any notion that there is any correlation between the policies of capitalist governments and the concerns of working people has been blown to smithereens during the pandemic. Now workers are being shown that all

efforts to justify the reopening of the economy with expressions of concern for jobs and livelihoods are rank deception. All that matters for big business and its parties is profit.

The Johnson’s government’s “herd immunity” policy has led to around 70,000 deaths according to modelling based on data from the Office for National Statistics. The public health implications of Exercise Cygnus—carried out in 2016 by the National Health Service to analyse the impact of a pandemic similar to the coronavirus—were totally ignored despite predictions of hundreds of thousands of deaths. Now, nothing is being done to alleviate a mounting social and economic catastrophe, in which millions of households face a future of unemployment and poverty.

The working class must take things into its own hands. What is required is the expropriation of the major corporations who are determined to make their workers’ pay for a crisis for which the ruling class is solely responsible.

Action committees must be formed in every workplace and community, to ensure safe working conditions and to oppose all demands for cuts and closures in the “national interest.” The ruling class defends only its interests. The interests of the broad mass of society can only be defended by the independent action of the working class, not only against the government and the employers, but the Tories’ allies in the Labour Party, and trade unions that act as the workplace police force for big business and the state.

The stranglehold of the corporate and financial oligarchy and their dictatorship over economic and political life must be ended. This requires the expropriation of the major corporations, the seizure of their assets, to make available the resources needed to provide for decent jobs, housing, education and health care for all. Such a programme demands the implementation of a rational economic plan by a workers’ government committed to a fight against capitalism and for socialism internationally.



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