UK manufacturers warn of “jobs bloodbath”

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A report by manufacturers’ trade group Make UK warns of a “jobs bloodbath” over the next six months. Hundreds of thousands of jobs have already gone in the first six months of the year, with millions more jobs at risk across automotive, aerospace and other industries.

Yesterday, household appliance manufacturer Dyson—owned by Britain’s richest man, Sir James Dyson—announced it would shed 900 jobs from its global workforce of 14,000 in a cost-cutting operation. Six hundred jobs will go among its 4,000-strong UK workforce and a further 300 worldwide.

Make UK, which represents 20,000 manufacturing companies, is calling for an extension of the job furlough scheme—under which the government pays 80 percent of the wages of those unable to work during the pandemic—in the face of a likely second COVID-19 outbreak later in the year.

Make UK’s fifth COVID-19 *Manufacturing Monitor* survey of 170 companies between July 3 and July 14 revealed that pessimism about a return to normal trading conditions “has increased substantially again” after recent hopes of recovery. Nearly 42 percent of firms believe it will take more than a year for any return to pre-pandemic normality, the highest figure Make UK has yet recorded. A further 3.5 percent said they will not return to normal.

The previous optimism followed May’s still small 1.8 percent growth in GDP, although the report acknowledges that the rise made little impact on the 20.3 percent decline recorded in April. The latest report comes when 99 percent of respondents are trading, albeit with varying levels of staff furloughed. More than half of companies reported a decline in sales and orders over the fortnight covered. Only 15 percent of companies are operating at full capacity.

Earlier this month, economists were pointing to likely job losses despite a tiny increase in factory production. The IHS Markit/Cips manufacturing purchasing managers’ index (PMI) survey in June had already noted that part of the increase was attributable only to clearing logistics backlogs. Economics research consultant Samuel Tombs warned, “The recovery will lose momentum before long.”

Make UK commented on this “gloomy perspective for the industry’s confidence in its own recovery.” It says bluntly that “the prospects of a quick V-shape recovery, as believed so strongly by some, remain bleak.” The possibility of a recession once GDP figures for the second quarter are released “remains likely.”

The result will be devastating job losses. More than half the companies (53.3 percent) said they will make redundancies in the next six months, with a further 20.1 percent saying they might. Two months ago, only a quarter of companies were talking of redundancies.

Dave Atkinson, UK head of manufacturing at Lloyds Bank, warned a few weeks ago of a spike in factory job losses in the second half of the year, with manufacturers “bracing themselves…in the knowledge that a reckoning looms.”

Make UK’s report states that nearly a quarter of companies will lay off up to 5 percent of their workers. Around a third are looking to lay off 6 to 10 percent of their workers, and a similar percentage talk of dismissing up to a quarter of their workforce. Nearly 8 percent will lay off between a quarter and a half of their workers.

Layoffs have accelerated in recent weeks. June’s fall in manufacturing employment, the fifth consecutive monthly decline, was one of the sharpest in the 28 years of the PMI.

To give some idea of how bad the situation is, when Lontra recently announced 10 new assembly line jobs at an industrial machinery plant in Birmingham, it received 15,000 applications. Job vacancies in the city have fallen by more than two-thirds because of the pandemic. This week, a restaurant in Manchester received nearly 1,000 applications for a front-of-house position.

Since the Conservative government finally introduced lockdown late in March, around 12 million people have been paid under the furlough scheme—9.4 million employed by firms and 2.7 million self-employed. According to the Make UK report, 30 percent of manufacturing companies have between half and three-quarters of their staff on furlough.

As part of plans to enforce the back-to-work agenda, forcing millions to work in unsafe conditions, the furlough scheme will be scaled back from August and withdrawn completely at the end of October. Bank of England rate-setter Jonathan Haskel noted “a great deal of uncertainty” as to how many furloughed workers would be able to return to their jobs.

The Make UK study reveals how little confidence exists in the government’s medical and scientific claims, even among the corporate sector equally desperate to resume profit-making. When Prime Minister Boris Johnson was announcing an end to support for home working, the *Financial Times* reported business leaders being warned to prepare for another wave of the pandemic. It noted that “many bosses privately doubt Mr. Johnson’s hopes for a return to normality in time for Christmas.”

While Johnson ruled out any further national lockdown, the government’s chief scientific adviser, Sir Patrick Vallance, was warning, “Come winter, the challenges will be very much greater and there is a risk that this could also need national measures.”

The fact that companies are recognising the realities and implications of Vallance’s comment underscores the murderous criminality of the government’s policy. The report’s conclusion is that the furlough scheme must be extended by another six months in strategic industry sectors to prevent job losses “on a scale not seen since the 1980s.”

While describing redundancy plans by firms as “very painful reading,” one of the services Make UK offers its members is advice on how to “plan and project manage a redundancy process effectively, saving…time and money.”

If redundancies are likely because of the pandemic, and specifically because of the end of the furlough scheme, they write, “employers should start considering next steps now to ensure that their plans are as cost-effective as possible.” Make UK will shortly hold a webinar on “Redundancies in the Context of Covid-19.”

According to Make UK’s forecasts, the automotive sector will lose 34 percent of its Gross Value added this year. The category Other Transport—aerospace, predominantly—is forecast to be down 15 percent.

Employers view the mounting economic crisis in the context of continued uncertainty over post-Brexit trade deals. Economics research consultant Tombs pointed to this additional factor in limiting manufacturing recovery. Brexit uncertainty will “likely build,” he said, “as the December 2020 deadline for a trade deal with the EU nears without material progress.”

Make UK emphasises that the sector-specific support they seek is equivalent to measures taken by European competitors in bailing out corporations as trade war escalates globally. Make UK calls for a National Skills Taskforce, “involving the trade unions and other key stakeholders to ensure key skills are retained and redeployed within manufacturing.”

The employers know who their allies are when it comes to cutting jobs. The trade unions have demonstrated repeatedly that their primary concern is not resisting such attacks but retaining their position as chief negotiator of workers’ livelihoods.

The struggle to defend jobs and wages, and to ensure that any return to work is conducted only under safe conditions, requires the working class to take up an independent struggle. This means forming rank-and-file action committees in workplaces and neighbourhoods as part of an international struggle for socialism.

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