

# UK unemployment rises to highest level in four years

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The number of workers being made redundant in the UK is rising at the fastest pace on record, as pandemic lockdown measures place increasing pressure on the economy.

The Office of National Statistics (ONS) revealed last week that unemployment is at its highest level for four years, reaching 5 percent. It found that 1.7 million workers are without work.

Britain's economy has suffered the deepest recession for more than 300 years, with Bank of England chief economist Andrew Haldane saying that without state intervention the unemployment figures would have already reached five million. The government's furlough scheme has supplemented the wages of almost 10 million workers employed by more than 1.2 million companies during various pandemic lockdowns since last March.

In addition to the rapidly rising figures of those without work, millions more workers on furlough run the risk of being made redundant once the scheme is lifted at the end of March. The government's independent economics forecaster, the Office for Budget Responsibility (OBR), expects the jobless rate to more than double from pre-pandemic levels to 7.5 percent when furlough ends—representing more than 2.6 million people out of work.

Since the beginning of the pandemic, over 210,000 UK jobs have been axed and this figure does not include job losses announced by transnational corporations making redundancies but who have not yet stipulated how many jobs will be cut from their UK located operations. According to the *Financial Times*, “418,000 people have fallen out of work since the start of the coronavirus pandemic, taking the total number of unemployed people to 1.72m.”

Jobs have been slashed across all sectors, with retail especially hard hit—with closures, mergers and acquisitions occurring as traditional retailers lose out to

the online corporations.

The Arcadia group, which included the Topshop and Miss Selfridge brands, fell into administration at the beginning of December last year with debts of £750 million. Last week, online retailer Asos bought up Topshop, Miss Selfridge and another Arcadia brand, HIIT, from administrators for £265 million. Only a fraction of Arcadia's 13,000 strong workforce will keep their jobs as Asos is only concerned with the online operations of these firms.

This week another fashioning conglomerate Boohoo acquired Dorothy Perkins and two more Arcadia brands for £25.2 million. Boohoo also bought the remains of collapsed high street department store chain, Debenhams, for £55 million, including its digital assets. From next month, 125 Debenhams stores will close. Boohoo previously bought the collapsed retailers Oasis and Warehouse and will take over the e-commerce and digital assets of their brands, and their inventory.

As with Asos, Boohoo's business model requires no high street shops and the deal sees 214 stores permanently close and 2,450 jobs lost immediately.

Edinburgh's department store, Jenners, will close in early May with 200 workers losing their jobs.

This year will see thousands more job losses in retail, following the closure of 320 stores every week in 2020. The Centre for Retail Research forecasts 200,000 job losses in 2021. Job losses were being “caused by high costs, low profitability, and [the high street] losing sales to online shopping... The low growth in consumer spending since 2015 has meant that the growth in online sales comes at the expense of the high street.”

Job losses continue in manufacturing, with car maker Nissan in talks with trade unions over redundancies at its Sunderland plant. The BBC reported, “About 160 office-based roles are potentially affected by the consultation which does not involve production staff...”

Rolls-Royce is shedding 9,000 staff from its 52,000 pre-pandemic workforce, with 7,000 jobs already gone. On Monday it was announced that it was finalising, with the trade unions, a cost-saving shutdown. Employees will lose two weeks pay over the summer affecting all 19,000 staff in its civil aerospace arm worldwide. The firm has 12,500 UK employees.

The Conservative government is finalizing its “road map” for ending all restrictions on opening up the economy, to be announced February 22. Fearing the outbreak of workers struggles in the current febrile atmosphere, the Trades Union Congress (TUC) have raised concerns regarding the consequences of mass unemployment unless the pandemic furlough scheme is extended.

Frances O’Grady, TUC General Secretary, framed her response in pro-business terms: “The government must understand we need to work our way back to growth, and for that we need people in jobs. Otherwise we are going to end up with real, deep economic and social problems.”

O’Grady advised Chancellor of the Exchequer Rishi Sunak to extend furlough provisions until the end of 2021. O’Grady appealed to the better nature of the Tory government, which has overseen over 120,000 deaths over the last year, saying it had a “moral obligation” to prevent a return to 1980s levels of mass unemployment.

Between the early to mid-1980’s, unemployment topped three million. The real figure of those without jobs, including large numbers shifted off onto other welfare benefits and 19 government instigated changes to the way the numbers of unemployed was calculated, meant the real numbers without work was probably double the official figures.

Speaking on behalf of big business, the director general of the British Chamber of Commerce, Adam Marshall, called for a slight extension to the furlough scheme—extending it only from April to July.

The Tories are refusing to extend any form of economic support to workers, with the Treasury claiming to have already spent in excess of £280 billion. The government increased the value of Universal Credit unemployment benefits by £20 a week at the start of the crisis, but this is set to be cut back at the end of March—bringing about a significant increase in poverty.

All talk is that the economic fundamentals are sound and that exit from the European Union is a springboard to economic recovery. This is premised on ramping up the exploitation of the working class, in particular the younger generation.

The Department for Work and Pensions recently rolled out a long-planned cheap labour scheme to push 160,000 unemployed people into an already saturated jobs market. Blaming the unemployed for their plight, Therese Coffey, the employment secretary claimed “digital job surgeries” would assist those without work to improve their interview skills.

Young people, who are being lined up to take up mainly minimum wage jobs, are bearing the brunt of the unemployment crisis. Many are employed in sectors of the economy typified by a lack of security, part-time status, poverty level wages and poor terms and conditions—hospitality, the arts, retail, leisure, entertainment and security, all negatively affected by shutdowns and physical distancing measures.

Since the first pandemic lockdown in March 2020, unemployment for those aged 16 to 24 increased by 124,000 to 597,000. The number of graduate entry level posts declined 11 percent during 2020. Recruitment is reduced at more than half of the UK’s biggest graduate employers, representing the largest annual decrease since the financial crisis in 2009.

Experts have drawn attention to the long-term impacts of unemployment, not the least of which include lower pay and reduced employment prospects. In addition, the mental and physical health of young people is being adversely affected.

The group most affected by the pandemic are those aged 50 plus. There are now 91,000 more unemployed older people than there were 12 months ago—an increase of a third in a single year, significantly more than in any other age group. Workers aged over 50 who lose their jobs are significantly more likely to suffer long-term unemployment than other age group and are more than twice as likely as other age groups to be out of work for at least two years.



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