

# Bankruptcy in Second Largest British Municipality Indicative of Broader European Crisis

Throughout the UK and Western Europe workers and farmers are suffering due to failed economic and military policies

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*In the municipality of Birmingham, the second largest in the United Kingdom, the City Council filed for bankruptcy in September.*

The Council said that due to payments owed to women for years of discriminatory pay differentials, the municipality could not meet its existing financial obligations.

In a September 6 article published in Fortune magazine, [it emphasized that](#):

"In 2012, the Supreme Court ruled in favor of a group of mostly female employees who didn't receive bonus payments that were given to those occupying traditionally male-dominated roles at Birmingham's council. Birmingham's council said in June that it had already paid £1.1 billion (\$1.4 billion) in equal pay claims over the last decade, but still had some remaining claims which it estimated would accrue at the rate of between £5 million (\$6.3 million) and £14 million (\$17.6 million) a month."



These developments in Birmingham are reflective of the vast socio-economic problems

impacting the working class and poor in Britain. During 2023, a series of large-scale strikes by trade unions in the transportation, healthcare, education, civil service and other sectors of the labor force revealed the level of discontent among millions of the people around the country.

Conservative **Prime Minister Rishi Sunak** ruled out any bailout of Birmingham along with other municipalities which have also filed for bankruptcy. Sunak, a proponent of tax cuts for the ruling class, imperialist military interventions and the mass deportation of migrants from Britain, said publicly that cities like Birmingham are in financial difficulty due to the mismanagement of their budgets.

The City Council, which is dominated by the Labor Party, pointed to the cuts imposed by successive Conservative governments in London. Also, huge cost overruns for the installation of a new IT system in Birmingham raised costs from an initially estimated 19 million pounds to nearly 100 million.

Birmingham hosted the Commonwealth Games in 2023 which contributed to the shortfall in public revenue. A previous advisor to the Birmingham city government told the British Broadcasting Corporation (BBC) that the holding of this international sports competition was one of the factors which drove the city into bankruptcy.

[According to one source](#) on the situation:

“Sharon Thompson, deputy leader of the council, told CNN, ‘Local government is facing a perfect storm. Like councils across the country, it is clear that this council faces unprecedented financial challenges, from huge increases in adult social care demand and dramatic reductions in business rates incomes to the impact of rampant inflation.’”

Along with the tremendous responsibility of addressing the plight of the impoverished, senior citizens and the disabled through social spending, there is the question of the status of 10,000 municipal civil servants. Without the necessary funds to meet its obligations, there could very well be large-scale layoffs of municipal employees.

In a BBC report on the Birmingham bankruptcy published in the aftermath of the announcement by the City Council, [it notes](#):

“Meanwhile, talks are continuing to safeguard the thousands of jobs at the city council.

Sharon Graham, general secretary of the Unite union – which represents hundreds of workers, said: ‘Birmingham City Council’s workers must not pay the price for the council’s or central government’s incompetence and financial mismanagement. Our members undertake vital frontline services that are essential for the communities they serve and they should not be impacted through no fault of their own.’ Thurrock Council in Essex declared itself bankrupt in December (2022) and the leader of its Labor opposition, John Kent, warned people in Birmingham they were likely to see noticeable changes in the city – and quickly. ‘We’ve seen dirtier streets, grass being cut less frequently, our only theatre is now under threat and every subsidized bus route in the borough was just cancelled,’ he told BBC WM. He also said council tax in Thurrock rose by 10% last year and was likely to increase by the same again this year. ‘That’s the situation we will be in for many years to come. People are rightly very, very angry.’”

Despite the draconian austerity imposed by five consecutive Conservative prime ministers since 2010, the party remains in power. The Labor Party underwent a purge of many left-wing activists over the last several years.

The Palestinian question remains a major issue within the Labor Party as many rank-and-file, mid-level and top leaders were accused of antisemitism. Any solidarity efforts with the Palestinians aimed at shifting British foreign policy was labelled as being anti-Jewish. Consequently, the current leadership of the Labor Party under **Keir Starmer** are as pro-Zionist as their Conservative counterparts.

In the latest military siege on Gaza by the Israeli Defense Forces (IDF) which has lasted for more than four months, the British administration of Sunak has pledged its ongoing unconditional support to Tel Aviv. The government has downplayed the solidarity demonstrations with Palestine involving hundreds of thousands of people, representing some of the largest manifestations in the imperialist countries.

Britain has joined the White House under **President Joe Biden** in launching the so-called Operation Prosperity Guardian by carrying out aerial strikes and shelling of Yemen which has taken a firm position against the genocide in Gaza. The Yemeni resistance organization, Ansar Allah, is imposing a blockade on Israeli-linked vessels and those utilizing their ports in solidarity with Palestine saying that the campaign will not stop until there is a permanent ceasefire in Gaza.

Since the repeated bombing of Yemen by London and Washington, the resistance forces say they will attack U.S. and British ships operating in the Red Sea and its contiguous waterways off the coasts of the Arabian Peninsula and the Horn of Africa. A mounting regional war in West Asia will only further the declining social conditions of working and oppressed people of Britain and the U.S.

## **Farmers Across Europe Protest Over Declining Incomes**

Although the British electorate voted to leave the European Union (EU) in 2016 being convinced that the conditions for the people would improve, similar contemporary economic problems facing the UK are occurring on the continent. In France during 2023, millions of trade unionists and students engaged in months of strikes and demonstrations to halt a pension reform bill which was eventually passed absent of legislative action.

Later a nationwide rebellion erupted in opposition to police brutality after a youth of North African descent was killed by the security forces. The demonstrations on the part of farmers began during the latter months of 2023 and have continued to the present time.

Militant actions by farmers in France were called off in early February after promises were made by the government in Paris. However, there is no guarantee that the assistance pledged by President Emmanuel Macron and his cabinet will resolve the issues negatively impacting the farmers.

Since the beginning of the Russian Special Military Operation in Ukraine two years ago, the economic situation of EU farmers has deteriorated. Although reporting on the recent protests in the corporate and capitalist-controlled governmental media refuses to acknowledge the impact of sanctions against Moscow, it is quite obvious that the glut in the supply of agricultural products, rising prices for inputs and the demands placed upon

farmers by EU governments are underlining the crisis.

Tens of thousands of farmers in various EU states including France, Belgium, Germany, the Netherlands, among others, are engaging in highway and street blockades to demonstrate the urgency of their situations. In journalistic accounts of the protests, the western media dwells on the problems related to the transition to more environmentally sustainable agriculture as mandated by the United Nations Climate Conferences held annually as a major cause for the demonstrations.

Nonetheless, the costs of the proxy war against the Russian Federation related to arms transfers, direct monetary assistance to Ukraine as well as the loss of revenue due to the prohibition of trade in essential energy resources has raised the cost of living for farmers and workers substantially. The official policy of the U.S. and the EU has been to continue the sanctions and the funding of the Ukrainian military despite the tremendous failures on the battlefield.

Any serious negotiations for a ceasefire have been ruled out by the imperialist states headquartered in Washington and London. Biden's failed approach of a sanctions-regime against Moscow has not resulted in a change in its foreign policy orientation towards Russia.



French farmers block motorway to Paris

[In one Associated Press article](#) from January 30 during the French farmers' blockade, it does take the Ukraine war into account saying:

“The Russian invasion of Ukraine has caused painful economic shocks, including higher costs, bringing farmers’ anger to a head in France and other European countries.... On the barricades, Ukraine in particular is on some protesters’ lips. Fast-tracked for EU membership talks, it’s seen as a potentially fearsome rival with its vast fields of grain and other agricultural products that have flooded into Europe since the invasion.”

Therefore, capitalist methods of production and aggressive imperialist militarism are responsible for the declining incomes and living standards of workers and farmers. A change

in the system is required to bring about an equal distribution of wealth and the end to wars of occupation and domination.

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