

Unemployment, redundancies and poverty soar as UK lockdown is brought to end

Robert Stevens
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Ruling elites everywhere are doing the bidding of global corporations that are exploiting the pandemic to implement long-planned measures to slash costs, cut jobs and ramp up exploitation in factories and workplaces.

With all lockdown measures set to end by June and the economy reopened, those who have been shielded to some extent by furlough schemes and other social support will face the class war agenda pursued by the British ruling class as it seeks to complete the post-Brexit “Thatcher Revolution.”

Workers face grinding levels of exploitation, longer hours, increased workloads and wage cuts. UK companies are turning to “fire and rehire” ultimatums to push through attacks during the pandemic. Research conducted by BritainThinks for the Trades Union Congress found that almost a quarter of workers—24 percent—has seen working terms, such as pay or hours, downgraded since the first lockdown last March. More than one in three employees aged 18 to 24 reported their terms at work had deteriorated and nearly a third (30 percent) of workers earning below £15,000 reported the same.

The herd immunity policy of Boris Johnson’s Conservative government has cost the lives of over 126,000 people. A year after the pandemic began, millions more are in a perilous situation, without a job, without income, with many facing losing their jobs and livelihoods in the next months.

Unemployment rose to 5.1 percent in the three months to December, the highest level in almost five years. Most job losses (three fifths) are among young people.

Young workers and students are often employed in the retail and hospitality sectors, which have been decimated by the pandemic.

Almost two million people have not worked for at least six months due to the economic impact of the pandemic, according to the Resolution Foundation think tank. Those people affected were either unemployed (700,000) or fully furloughed.

The rise in unemployment is already the largest since the 2008/09 financial crisis, but the situation is set to worsen dramatically as there were still 6.4 million people on the government’s furlough scheme at the beginning of February. The scheme will be scrapped at the end of March. There is speculation that it may be extended by Chancellor Rishi Sunak in his March budget—but only until May.

The *Financial Times* cited positively an increase in the number of payroll employees in January for a second consecutive month, and an increase in vacancies, but had to note, “Despite tentative signs of improvement, the damage done to the labour market over the past year remains huge, and the headline unemployment rate does not reflect the true extent of slack in the labour market.

“Real-time payroll data collected by HM Revenue & Customs suggest that despite small increases over the past two months, there are 726,000 fewer employee jobs in the UK than there were last February before the pandemic hit, a fall of 2.5 per cent. The majority of these job losses—425,000—have been among 18 to 24-year-olds.”

The official unemployment figures mask the real level of social distress. The furlough scheme pays 80 percent of wages and only up to a maximum of £2,500 a month. Underemployment is on the increase, with Hannah Audino, economist at PwC, stating, “Another measure of stress in the labour market is the underemployment rate—the share of workers who would like to work more hours. This continues to rise,

reaching 9 percent in the three months to December, which compares to 7.5 percent pre-pandemic.”

The Resolution Foundation noted that “7 per cent of workers have already stopped working since the start of the pandemic, but unfortunately, this will not be the limit of job losses: both the Office for Budget Responsibility and the Bank of England expect unemployment of more than 7 percent when the Job Retention Scheme ends.” It adds, “Workers, as well as forecasters, expect significant job losses. Overall, 7 percent of respondents reported that they expected to lose their job within the next three months, and a further 1 percent had been told that they would be made redundant—a total of 2.6 million workers.”

Workers face this nightmare under conditions in which redundancies have already exceeded the record levels reached in the aftermath of the 2008 global financial crash. The Office for National Statistics (ONS) quarterly survey to December 2020 recorded a consistently rising redundancy rate that stands at a record 14.2 per thousand employees. This compares to the maximum of 12.2 per thousand reached during the financial crisis. The highest rates of redundancy were recorded in the administrative and support services industry, with 35.8 per thousand employees. The sector including arts, entertainment and recreation had redundancy rates of 30.5 per thousand.

The number of firms expecting redundancies of 20 or more employees, rose from 485 in March 2020 to 1,734 in September. From September to November last year, a record 395,000 redundancies were announced. In response to a Freedom of Information request by the BBC, the Insolvency Service revealed that 292 employers made plans to cut 32,000 in January—up 9 percent on the same month last year. As the Insolvency Service figures only cover firms making 20 or more job cuts, the real number of redundancies is larger.

In the retail sector alone, the Centre for Retail Research forecasts 200,000 job losses in 2021, following the closure of 320 stores every week in 2020.

According to research published last month by the Legatum Institute, well over 15 million in the UK are living in poverty—up from 14.5 million pre-pandemic. By then the pandemic has already pushed another 700,000, includes 120,000 children, into hardship.

Almost half a million people (450,000) have fallen behind on rent or mortgage payments due to the

pandemic. Three-quarters of a million families in the UK are in arrears, 300,000 of them with dependent children. Nearly a fifth of people (16 percent) expect to take on more debt.

At the beginning of the pandemic, as unemployment soared, the Universal Credit (UC) benefit payment was increased by £20 per week. UC combines six benefits, including unemployment and housing benefits, into one payment. The government plans to cut-off this additional support at the end of March. The number of people relying on UC shot up from 3 million in March 2020 to 6 million last month, with around 446 people making a new UC claim every hour in the first week of 2021.

The Trussell Trust, the largest provider of food parcels through its food bank network, reported that one in five people surveyed receiving UC said they are “very likely” to need to use a food bank if the uplift is cut—the equivalent of 1.2 million people. The Trust handed out more than 1.2 million emergency food parcels between April and September 30 last year, with 2,600 emergency food parcels (and 470,000 overall) provided for children every day.



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