

Chancellor Sunak announces end of UK jobs furlough and rolls out cheap labour scheme

By Robert Stevens
10 July 2020

Wednesday's speech in parliament by Chancellor Rishi Sunak confirmed that the Conservative government's furlough scheme will end in October.

The speech was billed as centred on a "Plan for Jobs," but Sunak made clear that the Tories have no intention of defending workers' jobs.

Around 9 million workers and a further 2 million of the self-employed are currently being paid 80 percent of their wages by the state, under the Job Retention Scheme. Making clear this will end in October, after first being wound down by making employers pay out a larger percentage of wages, Sunak denounced as "irresponsible" calls for "endless extensions to the furlough."

He said contemptuously that "if I say the scheme must end in October, critics will say it should end in November. If I say it should end in November, critics will just say December."

His declaration that "we can't protect every job" is the understatement of the century. Nearly 200,000 jobs have gone already during the pandemic, with companies announcing thousands more redundancies every day.

All Sunak proposed was a miserly £1,000 offered to companies for every furloughed worker they keep in employment until January. This is not even a month's wages for those on minimum wage and working full-time. To incentivise companies to cut pay, and also hours, Sunak said that to qualify for the £1,000 means agreeing that each "employee must be paid at least £520 on average, in each month from November to January. ..."

The scheme will be a gift only for companies that don't intend to lay workers off.

Other measures announced were presented as major interventions to boost the economy and restore

consumer spending. These included everyone receiving "Eat Out to Help Out" discount vouchers for August, subsidising 50 percent of the cost of food at participating cafés and restaurants three days a week, up to a maximum £10 per head. All that can be assured by this is the further spread of the coronavirus.

The chancellor also announced a temporary Value Added Tax cut for the next six months and said no stamp duty land tax would be paid on property purchases up to £500,000—ending next March.

Sunak, married to the daughter of Indian billionaire N.R. Narayana Murthy, personifies the social layers dedicated to Prime Minister Boris Johnson's goal of completing the "Thatcher Revolution"—with the economy freed of any and all restrictions and regulations hindering the glutting of the super-rich. His own contribution to achieving this goal was to announce a new cheap labour scheme. Its purpose is to ensure a generation of youth enter the labour force on rock-bottom wages that are the "new normal."

The "KickStart Scheme" is mainly aimed at the under-25s and particularly "Over 700,000 people [who] are leaving education this year." Sunak claimed that these will be new jobs, "with the funding conditional on the firm proving these jobs are additional." But everyone knows that companies will just lay off existing higher-paid workers, cook the books, and employ the new recruits.

Sunak boasted that the jobs will be for "a minimum of 25 hours per week paid at least the National Minimum Wage." The UK's National Minimum Wage is among the lowest of all Western economies. Those under 18 classed as "apprentices" receive £4.15 an hour, and those under 18 in non-apprentice jobs £4.55. Workers aged 18 to 20 get £6.45, and those aged 21 to 24 get £8.20. Someone under 18 receiving an

apprentice's wage on Sunak's scheme and working 25 hours a week will receive just £103.75 a week. A 24-year-old on the same hours would receive £205 a week.

To enforce the scheme, Sunak will pay businesses £2,000 for all young apprentices they hire. Those over 25 are also dragged into the scheme with companies being paid £1,500 for the hiring of "apprentices" 25 and over. A further £1 billion is being put into doubling the number of "work coaches" at job centres to enlist this low-pay army.

The most significant statement made by Sunak was his warning that "world economic activity has slowed, with the IMF [International Monetary Fund] expecting the deepest global recession since records began." The "independent Office for Budget Responsibility and Bank of England are both projecting significant job losses."

This is the backdrop to the Tories' drive to scale up its attacks against jobs, wages, and conditions beyond anything seen since the Great Depression of the 1930s. All the state debt accumulated during the pandemic will be put on the backs of the working class, with Sunak announcing a "Budget and Spending Review in the autumn" to "put our public finances back on a sustainable footing."

With the £30 billion in spending announced yesterday, the Treasury has already borrowed £350 billion this financial year. Since March, the cost of the furlough scheme—solely aimed at bailing out big business—and other support measures for the economy have cost almost £189 billion. The *Financial Times* noted that "with tax revenues hit hard by the crisis, the deficit is likely to reach £361.5bn." It predicted the deficit was "likely to reach 18 per cent of national income...almost twice the size of the deficit at its peak in the 2008-09 global financial crisis." Institute for Fiscal Studies Deputy Director Carl Emmerson said, "the UK will borrow more as a share of GDP than it ever has done in the last 300 years, outside of the two world wars."

Just 24 hours after Sunak's speech thousands more job losses were announced by major high street firms—4,000 at Boots, 1,300 at John Lewis, 1,600 at Burger King.

On Tuesday, the Organisation for Economic Co-operation and Development warned that the number

of unemployed people in Britain could increase to almost 15 percent of the working population (around 5 million workers) from 3.9 percent, if the UK is hit by a second wave of the coronavirus pandemic. And such a "second wave"—which will claim more lives than the 70,000 killed so far—is guaranteed by the Johnson's government's reckless throwing open of the economy. To compound this, all school children and teachers are being forced back into classrooms in September—just ahead of the annual flu season. Among the final sections of the economy that are still closed, gyms will be allowed to reopen possibly as soon as next week. These will be followed by swimming pools, beauty salons, nail bars, bowling alleys and casinos.

In response to the chancellor's speech, Len McCluskey, the leader of the largest trade union, Unite, said, "Redundancy notices are already flying around like confetti...so today was the day we needed the chancellor to put a stop to this with policies as bold and as necessary as the jobs retention scheme. This statement failed that test. ... Our fear is the summer jobs loss tsunami we have been pleading with the government to avoid will now surely only gather pace."

McCluskey specialises in this sort of bluster. When he shuts up, Unite just gets on with its main role of facilitating job losses, pay cuts and whatever else is required by the corporations it serves.

The UK has entered uncharted territory economically, politically and socially. The government has declared class war, and the working class must mount a counter-offensive. This means forming rank-and-file action committees to ensure safety in the workplace and to oppose all job cuts and speed-ups, guided by a socialist programme to replace the failed capitalist system with a socialist government of the working class.

To contact the WSWs and the
Socialist Equality Party visit:

<http://www.wsws.org>