

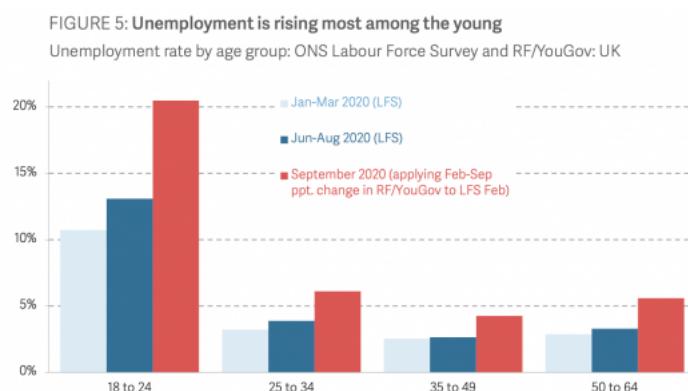
Funding the Future

We are heading for 5 million unemployed and a fixation ...

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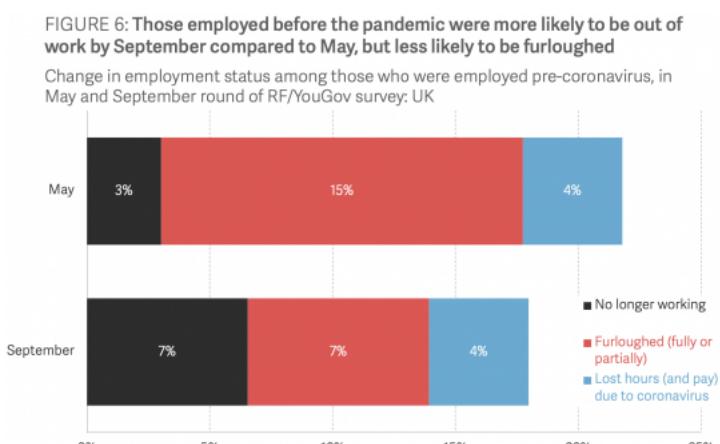
The [Resolution Foundation has a new report out this morning](#) on the job market and the impact of furlough.

As they note, unemployment is now increasing heavily, most especially amongst the young:



NOTES: The September estimate is based on the percentage-point increase in the unemployment rate by age group between February and September in the RF/YouGov survey, added to the LFS estimate for February. N = 5,921. These figures have been analysed independently by the Resolution Foundation.
SOURCE: RF analysis of YouGov, Adults Age 18 to 65 and The Coronavirus (COVID-19) - September wave, and ONS, Labour Force Survey.

Tellingly, in September 18% of those who were employed at the start of the coronavirus are still impacted:

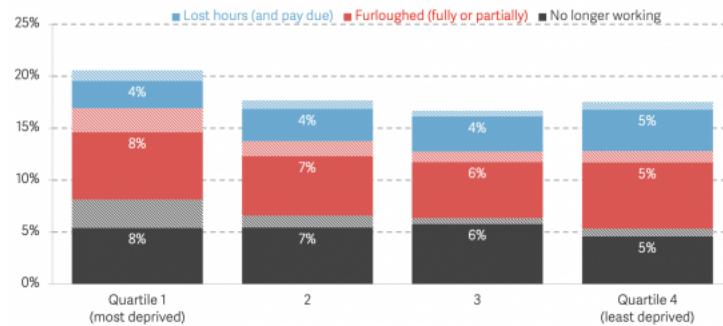


NOTES: No longer working category includes those not employed and economically inactive. Based on all in employment in February, N = 4,729 in September survey, and 4,309 in May survey. Both figures compare to February, i.e. the May bar shows changes from February to May, and the September bar changes from February to September. These figures have been analysed independently by the Resolution Foundation.
SOURCE: RF analysis of YouGov, Adults Age 18 to 65 and The Coronavirus (COVID-19) – May and September waves.

It is no surprise that those already least well off are worst hit:

FIGURE 10: One-in-five workers in the most deprived places were not working or still furloughed at the beginning of September, but more than one-in-four of these workers live in London

Reported change in employment status among those who were employed pre-coronavirus, in the September round of RF/YouGov Survey, by IMD quartile, where hatches refer to the proportion made up by London: UK, data collected 17-22 September 2020



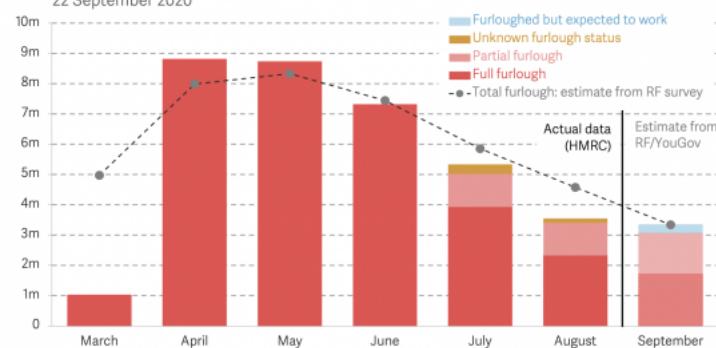
NOTES: Base = all UK adults aged 18-65 who had an employee job prior to the coronavirus outbreak (Base for quartiles 1 n=1080, 2 n=1111, 3 n=1107, 4 n=1115). We derive IMD estimates using the ONS Postcode Directory (ONSPD) to match the four digits of a respondent's postcode with the IMD by output area (see annex). It is important to note that this is a 'best fit' estimate. These figures have been analysed independently by the Resolution Foundation.

SOURCE: RF analysis of YouGov, Adults Age 18 to 65 and The Coronavirus (COVID-19) – September wave.

The number of those still furloughed was falling:

FIGURE 12: Use of the furlough scheme is falling, and a greater share of furloughed workers are on partial furlough

Number of furloughed workers, by month and furlough category: UK, data collected 17-22 September 2020



NOTES: Furlough numbers from RF/YouGov survey derived by applying the proportion reporting furloughed (fully or partially) to 18-65 population (from ONS Labour Force Survey). The wording in the question is as follows: Which ONE, if any, of the following describes your situation in relation to furlough during each of the following months of 2020? I was not furloughed; I was furloughed and not working (coded as 'fully furloughed'); I was partially furloughed – i.e. received partial furlough pay and still worked some hours (coded as 'partially furloughed'); I was furloughed – receiving full furlough pay – but my employer still asked me to work (coded as 'furloughed but expected to work'). N = 4,479. These figures have been analysed independently by the Resolution Foundation.

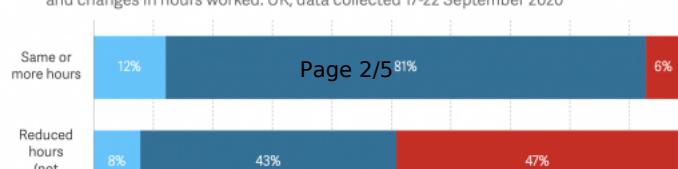
SOURCE: RF analysis of YouGov, Adults Age 18 to 65 and The Coronavirus (COVID-19) - September wave, and ONS, Labour Force Survey.

I would expect a very rapid upward change if that were now possible.

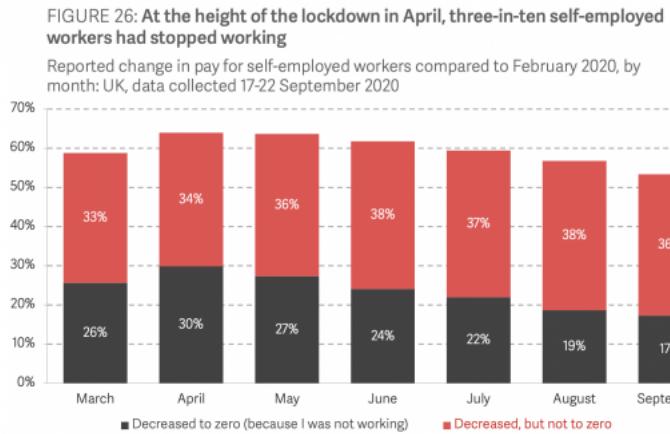
We also now face the very real risk of significant under-employment:

FIGURE 24: In addition to those on furlough, nearly half of employed respondents on reduced hours, and 6 per cent of those on normal hours, have recently experienced lower pay

Reported pay changes in August and September (relative to February) among respondents who were employed in both February and September, by furlough status and changes in hours worked: UK, data collected 17-22 September 2020



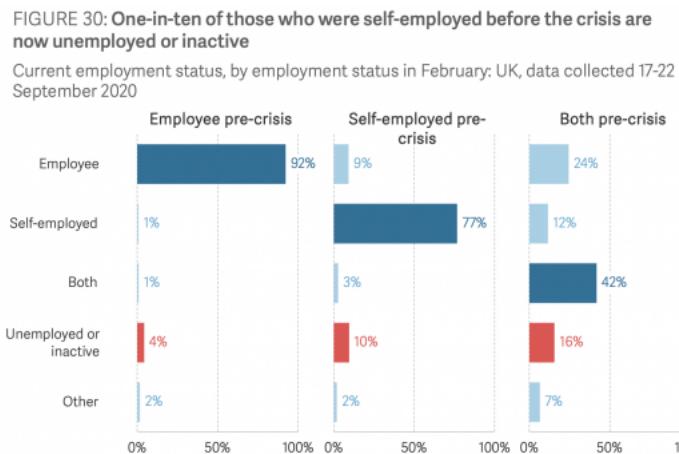
That finding is replicated amongst the self-employed, where things look very tough:



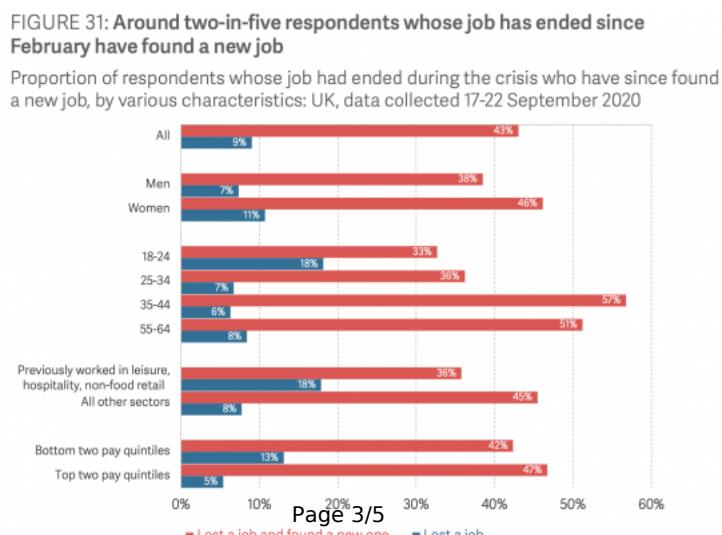
NOTES: Base = all UK adults aged 18-65 who were self-employed prior to the coronavirus outbreak, excluding those who also had an employee job (n=426 in each month). Question wording: Thinking about the months after the Coronavirus (COVID-19) outbreak started in the UK... Did your weekly/monthly pay increase or decrease compared to your usual pay before the Coronavirus (COVID-19) started, or was it the same? These figures have been analysed independently by the Resolution Foundation.

SOURCE: RF analysis of YouGov, Adults Age 18 to 65 and The Coronavirus (COVID-19) - September wave.

In that case this outcome is unsurprising:



It's also unsurprising that finding a new job is getting harder, most especially if you are young:

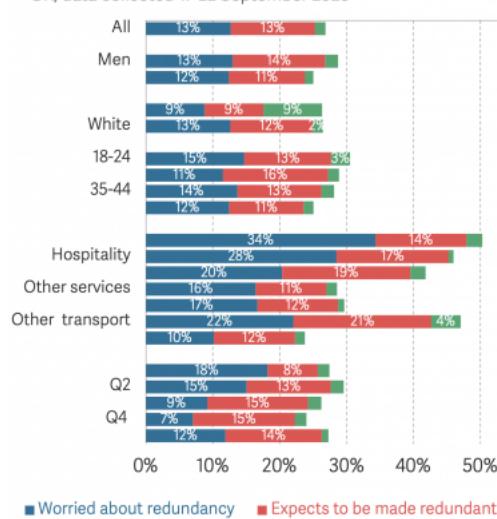


NOTES: Base for returned to work = all UK adults aged 18-65 years who have lost their job since February 2020 (n=400). Subgroup sample size us as follows. Men: 159; women: 241; 18-24: 70; 25-34: 77; 45-54: 96; 55-64: 79; previously worked in leisure, hospitality, retail: 99; previously worked in all other sectors: 301;

I wish that this were not true:

FIGURE 35: More than one-in-four workers are either worried or expect to be made redundant

Proportion of respondents in current employment in an 'at risk' job, by characteristic: UK, data collected 17-22 September 2020



NOTES: Base = all UK adults aged 18-65 years who are currently in employment and reported whether or not they were worried or had been told about redundancies (n=4252). Subgroup sample size is as follows. Men: 2,057; women: 2,155; White 3,784; BAME, 262; 18-24: 354; 25-34: 1,088; 35-44: 1,067; 45-54: 1,086; 55-64: 609; currently works in leisure: 154; hospitality: 125; other (non-food) retail: 178; other services: 192; construction: 114; other (non-bus/rail) transport: 64; all other sectors: 3,425. Earnings quintiles are based on weekly net (take-home) usual employee pay prior to the coronavirus outbreak. These figures have been analysed independently by the Resolution Foundation.

SOURCE: RF analysis of YouGov, Adults Age 18 to 65 and The Coronavirus (COVID-19) - September wave.

So what to conclude?

The Resolution Foundation takes the view that the last chart - those told they face redundancy - is telling and that risk could be of this order. That means well over 10% additional redundancy is likely - with the self-employed contributing a significant additional number. All told that is easily 3 million or more jobs at risk, making my forecast of more than 5 million unemployed look uncomfortably possible.

The Resolution Foundation make these recommendations:

- * The full furlough version of the Job Support Scheme should be extended to firms that are not legally required to close, but which in reality cannot open, such as conference centres.
- * The Government should take a more proactive approach to job creation, including helping the unemployed find work and investing in job creation in sectors such as social care.
- * The £1,000 a year boost to Universal Credit and Working Tax Credits should be retained beyond April 2021, and the Government should extend the grace period for the benefit cap, continue the suspension of the Minimum Income Floor for self-employed UC claimants, and ease the capital rules in UC.
- *

The Government should improve the financial incentives to self-isolate, either by raising Statutory Sick Pay and extending it to the two million low earners who are not eligible or by broadening the eligibility for the £500 self-isolation payment.

These seem tame to me.

We need a job guarantee.

We need work creation, and not just in care.

We need the investment to make that work meaningful.

We need to support all the unemployed with realistic provision whilst they cannot work through no fault of their own.

Nothing the Resolution Foundation comes close to achieving those goals, but they are stuck in a deficit mindset and think modern monetary theory wholly unrealistic.

Until we change the narrative on spending the people of this country are going to suffer.

Johnson and his Cabinet have tens of thousands of lives lost for which they are responsible.

Economists living in fear of deficits will have many more, and millions of livelihoods that they will need to account for one day, lost because of their deficit fixation.

Never doubt the power of ideas to destroy lives and livelihoods.

And to also create them.

There is a battle of ideas to be won. The Resolution Foundation set out why, but offer no real solutions because they are terrified of debt.

Only MMT can.