Funding the Future

Simply demanding more furlough is not enough: we need a...

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The Guardian has reported this morning that:

Rishi Sunak has been warned by the leaders of Britain's most influential business groups and the trade union movement that he risks plunging Britain into a period of mass unemployment unless he extends the furlough scheme.

Before the budget on 3 March, both sides of industry told the chancellor that the economy was too fragile to end the wage subsidy scheme at the end of April and that he risked undoing the efforts to protect jobs over the past year if he did so.

There is, of course, truth in this. Unemployment will sky-rocket if furlough ends. But there really should be more depth to this demand.

The assumptions behind furlough are severalfold.

First, it is assumed that the economy can pick up where it left off in March 2020.

Second, it assumes that employers will be able to resume what they were doing in March 2020.

Third, it assumes that we should resume where we were in March 2020.

Fourth, it assumes that those employees who are furloughed still are the special cases amongst those on benefit deserving of better treatment.

There is an injustice in the last assumption clearly needing to be addressed, but having noted that I will leave it aside.

Instead I will note the other assumptions, none of which now definitely hold true. In particular, there will be many employers who will not be able to pick up where they were in March 2020: their capital will have been lost in the meantime. Without further support for business furlough will, in that case, be of little consequence.

And that support needs to be based upon two principles. One is that the business supported is something that is designed for the long term, which could, of course, include much of the hospitality sector. The other is that the support is used to create a National Wealth Service for the UK as a whole, with stakes being taken in the businesses that receive support from now on. I note that on a very small scale this is now happening.

My point is a very simple one: We are not now in March 2020, and we never will be again. To pretend that we are going back there is simply wrong. What is true is that this is the time for the UK to have an industrial strategy, based around a Green New Deal, that delivers the economy that we want for the future, and the well-paid, well trained, and sustainable jobs that our economy and everyone in this country needs. Simply demanding more furlough is not enough: we need an industrial strategy for the post-Covid era.