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Does the Government really believe in a Covid-induced jobs transformation?

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Chancellor Rishi Sunak's pivot from the Government's furlough scheme to a more targeted wage subsidy for "viable" jobs reflected the thorniest challenge of Covid-19 policymaking: deciding whether we are facing a temporary hiatus in "normal" economic life, or a semi-permanent shift in economic activity.

It made economic sense to subsidise keeping employees attached to their March 2020 employers during a government-imposed shutdown, to stop good employee-employer relationships collapsing through layoffs and lockdown-induced business failures.

It was always more stretching to argue that sustained subsidies were sensible in sectors that will be deeply depressed for 18 months or more.

This creates a political problem, however. The longer the pandemic goes on and the more our behaviours and work habits change, the stronger the case for allowing adjustment rather than insulating the economy of old.

But workers in savaged sectors, such as live entertainment, won't thank the Government for these hard truths, particularly if their difficulties arise due to government social distancing regulations or [inadequate test-and-trace systems](#).

If this week's Conservative Party conference showed anything, it was that the Government is itself confused on how to manage expectations of future policy.

Both the Chancellor and Prime Minister gave economic [speeches that reflected a clear tension](#) between an instinct to protect existing industries and a desire to lean into the change this crisis is bringing.

Rishi Sunak largely made the case for the former. "I don't think it's wrong for people to want to strive for normality and I don't think it's wrong for the Government to want that for people," he said.

[His Monday conference speech](#) defended keeping industries on life support through furlough and more active efforts to encourage restaurant attendance through the Eat Out to Help Out subsidies.

The Conservatives will always "stand between people and danger", he claimed.

This doesn't explain why restaurants were given special treatment, however. Sunak admitted that he couldn't save every job, and so promised instead that the British state would be at our service to "create, support and extend opportunity" for new jobs.

But his speech left no discernible criterion for when government support is appropriate and when consumers and entrepreneurs would be left to decide where the chips fall.

It's not just Sunak looking both ways on this. During the pandemic there has been a striking disconnect between government exhortations to protect the status quo (including [urging people back to offices](#) to save sandwich shops) with their own pre-pandemic view that the economy was dangerously unbalanced.

Boris Johnson's speech on Tuesday was striking in that it almost heralded this crisis as an opportunity.

We have lost too much and mourned too many to merely go back to normal, he said.

Instead his administration will help us to "[Build Back Better](#)", harnessing the demand for change that follows events of this magnitude to improve our economic performance.

Rather than embracing pre-pandemic normality, here was Johnson lamenting our pre-existing conditions before Covid-19, from sluggish growth to regional imbalances.

This crisis would accelerate trends such as home working and internet shopping, he said, and that creative destruction supposedly showed why the Government must improve infrastructure, education and support the "green industrial revolution" to create new job opportunities.

Was this the same Prime Minister that just a month ago urged us all back to work or told people last weekend we should "go to the cinema" to stop the bleeding [that has brought Cineworld to its knees](#)?

Perhaps there's some way to square the circle between his competing demands for restoration or transformation.

But again, it's not clear how the PM is mentally determining which industries we have a collective duty to save and which will perish to be replaced by the jobs he envisages in the wind turbine industry.

Now a cynic might say that politicians will always intervene if the electoral price of not acting to save particular jobs is high, and will always use a crisis to push the agenda they desired to undertake anyway.

And, certainly, these seem as robust as explanations for these seemingly conflicting pronouncements as anything else.

But the overall result was an economic message that lacked any clarity.

First, the Government celebrated protecting particular industries through this crisis, while simultaneously talking of the inevitability of radical change to the labour market, such as the huge redundancies across the retail space.

Second, though both Sunak and Johnson talked in the abstract about how only free enterprise could deliver a dynamic recovery post-Covid, their speeches were littered with proposals for state intervention to supposedly shape our economy for the better.

A party conference speech is not an economics seminar, of course, and a pandemic no time for philosophical consistency.

But without giving people a clear understanding of why and when it is appropriate for the state to shape the decline or fall of industries, ministers are inviting difficult questions from workers, trade associations and lobby groups.

The Confederation of British Industry, for example, demands that the Government support the “enablers of a future economy”, from “aviation ... to hospitality and events”. The British Chambers of Commerce wants further “bold measures to support jobs”. The Federation of Small Businesses says measures are needed for “the events sector, night-time economy, arts and travel industries”.

Having listened carefully to the Prime Minister and the Chancellor, I have no idea how the Government would approach such demands or by what metrics they would judge their desirability. If workers and business owners share that uncertainty, then it won't just be political problems the Government faces, but deeper economic problems too.

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