The politics of job retention schemes in Britain: The Coronavirus Job Retention Scheme and the Temporary Short Time Working Compensation Scheme

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Abstract
The UK Government’s introduction of the Coronavirus Job Retention Scheme (CJRS) in March 2020 was pitched as unprecedented. Yet, during the 1970s and 1980s, UK governments also operated wage subsidy job retention schemes. Indeed, despite their professed liberal market orientation, Thatcher’s radical right Conservative governments presided over the expansive Temporary Short Time Working Compensation Scheme (TSTWCS) between 1979 and 1984. Drawing upon the work of Gallas (2016), we contend this embrace of wage subsidy schemes by Conservative governments almost 40 years apart emanate from a class politics focused on securing the subordination of labour. In our analysis, the TSTWCS is understood as a mechanism to dampen disquiet with the early Thatcher Government’s project to restore employer dominance. And the CJRS is a mechanism to preserve the labour market relations of domination and exploitation successfully embedded by the Conservatives in the 1980s.

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Introduction

Faced with a deteriorating public health situation occasioned by the emergence and spread of Covid-19, the British Government temporarily ‘locked down’ the country in the spring of 2020. Given that the wage relation is core to the extraction of value and the accumulation of capital, what started as a health crisis swiftly transformed into a crisis in the reproduction of capital because the response to the pandemic threatened to collapse demand for goods and services and consequently the labour market. To avoid mass unemployment, the Conservative government introduced the Coronavirus Job Retention Scheme (CJRS), providing a state subsidy to employers who furloughed their staff rather than making them redundant (Ferguson, 2021).

The UK was one of the few major economies not to have a job retention scheme when the pandemic hit (OECD, 2020). That job retention-type schemes were radically scaled up and/or rapidly introduced across wealthy economies in response to the Covid-19 pandemic (Ebbinghaus and Lehner, 2022) indicates the extent to which the threat to capital induced governments to utilise similar tools in seeking to stabilise the labour commodification process and protect productive capacity for post-pandemic times. The UK’s Chancellor of the Exchequer, Rishi Sunak, implied the CJRS was unprecedented in Britain (HM Treasury, 2020a), a claim reproduced by some academics (Stuart et al., 2021). Yet, British governments subsidising wages to create or protect jobs is not new. The last national job retention scheme – the Temporary Short Time Working Compensations Scheme (TSTWCS) – was overseen by the early Conservative governments of Margaret Thatcher between 1979 and 1984 also amidst an economic crisis and a need to stabilise labour commodification processes (Metcalf, 1982; Richards, 1987).

Our argument is both the CJRS and TSTWCS can be understood as elements in the broader class politics of managing labour commodification, contributing to what Gallas (2016) describes as a class political regime – the (fairly consistent) coming together of strategies to protect the extraction of surplus value through securing the domination of labour and the engendering of consent to enable this to occur. As such, the TSTWCS and CJRS have been informed by different contexts related to the periods in which they operated. We position the TSTWCS as a social policy adjunct...
to the 1980s New Right Conservatives’ project to radically curtail the power of the labour movement and restore employer dominance as part of the establishment of a competitive market order as the core of a new, liberal market political economy (Holmes, 1985). Conversely, we argue the CJRS was a policy innovation intended to conserve the pre-Covid labour commodification process, labour market structures and attendant pattern of class domination and exploitation. In doing so, the CJRS provided opportunities for ministers to cohere political support by giving material weight to discursive claims of a new post-Brexit active state, while the temporary nature of the scheme helped the Conservative’s class politics of labour commodification remain fundamentally unchanged by the crisis.

Domination, accumulation and class politics

As Offe (1984) notes, while capitalist economies structurally encourage labour to rent its physical and mental capabilities for work (its labour power) to employers, there is no guarantee that workers will do this at a price employers will pay. A recurring concern of policymakers charged with the competent management of the national interest (Block, 1977) is to ensure a form of labour subordination commensurate with the extraction of surplus value. Social policy interventions, such as employment programmes and social security, contribute to this management of the labour commodification process by regularising behaviours, expectations and norms congruent with the sale of labour power (Jessop, 2002: 43). This does not functionally predetermine the form or content of policies, however, as these are constructed by political actors as they seek to advance/contest given courses of action in a range of economic, institutional and social contexts. The focus here is the role of job retention schemes within the activity undertaken by two Conservative Governments, 36 years apart to secure the (re)subordination of labour.

Our analysis is informed by Gallas’ (2016) theoretical framework of co-constituting domains of class and economic order politics, developed to examine the implementation of Conservative New Right policies from the 1970s to the 1990s. To examine the co-constituting facets of the policy and governance activity of policymakers, Gallas (2016) advances four analytically distinct, but interrelated concepts:

- An extraction strategy is directly concerned with class domination, encapsulating policymakers’ actions to affect conditions under which employers purchase and manage the use of labour power and
how this is (re)produced; how workers engage in production, and their representation and influence within this process (Gallas, 2016: 49).

- A mode of leadership and domination is concerned with understanding how leaders situate their discourse and strategy in relation to class interests and how class relations are managed and integrated into a distinct approach to governing as actors assemble a ruling coalition behind a common programme (Gallas, 2016: 53). Governing, for example, may involve aiming to secure wide, cross-class popular consent (an ‘one nation’ approach) or fostering divisions amongst subordinate classes, as part of securing sufficient core support to govern (a ‘two nation’ approach) (Gallas, 2016: 28–29).

- An accumulation strategy encompasses the preferred economic ideas and actions, and how these manifest in the (re)construction of institutions as policymakers seek to manage conditions of production and capital accumulation.

- A state strategy refers to how policymakers organise the state apparatus and use various tools to manage the behaviour of actors within state or para-state institutions and may be weighted towards preferences for decentralisation (or centralisation), pluralism (or homogenisation), conciliation (or coercion) and deliberation (or authoritarianism) (Gallas, 2016: 64).

The articulation of an extraction strategy and mode of leadership and domination, Gallas (2016) argues, cohere a particular organisation of relations within and between classes (what he describes as a ‘class political regime’) that is focused on the short term politics of leadership and imposition of power. In contrast, the cohering of accumulation and state strategies (what Gallas, 2016) describes as ‘economic order politics’) encapsulates attempts to enact strategies perceived as necessary to secure an environment conducive to business investment and improved accumulation in the medium to long term. In the case of economic order politics remaking the terrain of production and state institutions may indirectly (re)shape the viability of existing class domination strategies over time, but are considered secondary to class domination in the short term. Rather, policymakers privilege securing conditions conducive to employer authority over production (i.e. class politics of value extraction) as the pre-condition for realisation of medium term strategies relating to the stabilisation, or improvement of accumulation (economic order politics) (Gallas, 2016). As the class political regime and economic order politics are analytically distinct they can be examined separately and in this paper the TSTWCS and CJRS are examined as elements of different Conservative Governments’ class political regimes by focusing upon the
ways they were concerned with the subordination of labour, albeit at different socio-political moments.

**Employment, unemployment and the political project of the conservatives**

By the mid-1970s Britain’s pairing of Fordist production and consumption with full employment and expanding state welfare as complementary to growth, accumulation, social reproduction and political control was under severe pressure (Koch, 2006). For the New Right faction within the Conservative Party, keen to promote ‘liberalisation’, a period of ‘full employment’, backstopped with out-of-work benefits had dimmed the threat of unemployment and bolstered labour’s capacity for industrial action. This encouraged employers to resolve workplace disruption by conceding pay rises, which they sought to recover via higher prices. For leading Conservatives, Britain’s economy by the 1970s was locked into a dynamic of wage and price inflation, a lack of competitiveness that depressed growth, and declining profits (Holmes, 1985; Joseph, 1978). In short, labour’s ability to contest employers’ capacity to extract value from labour on its own terms was held to be the core of inflationary conditions, declining international competitiveness, limited investment and deteriorating socio-economic and political stability. Consequently, restoring conditions for improved accumulation implied re-establishing employer and state authority over the labour commodification process (Conservative Party, 1977; Joseph, 1978).

Following the 1979 general election the Conservative Government embarked upon an anti-inflationary economic strategy involving higher interest rates and attempts to control money supply growth and contain public spending as a medium-term accumulation and state strategy. The goal was to initiate a market-based approach that broke with the corporatist orientation of previous governments, perceived as institutionalising the bargaining power of labour without resolving the profitability and productivity problem of British business (Holmes, 1985; Lawson, 1980, 1984). To achieve this the Government launched a pro-capital offensive or what Gallas (2016: 64) conceptualises as a ‘repressive extraction strategy’. Changes to industrial relations and employment protection legislation to weaken trade unions were enacted, while the value and protective coverage of social security was eroded to ratchet up economic insecurity (Gallas, 2016). Such reforms intended to alter the balance of class power and restore the domination of employers and state over the terms and conditions of labour commodification (Gallas, 2016; Holmes, 1985; see also Burton-Cartledge, 2021).
It was, however, framed by dilemmas embedded in this process, most notably related to the re-emergence of mass unemployment in Britain (the ILO unemployment rate rose from 5.4% to 12% between 1979 and 1984 (Office for National Statistics (ONS), 2018). For New Right ministers and advisors the economic and industrial damage wrought by unemployment was unfortunate, but necessary to reveal endemic ‘over staffing’ (disguised unemployment) attendant to Britain’s social democratic settlement and to clear away the old socio-economic model (Hansard, 1982a: Col 911; Lawson, 1980, 1984). Rising unemployment was, in other words, central to, and inevitable given the Conservative’s repressive extraction strategy. Ministers though, also feared voters accustomed to full employment would punish a government overseeing its collapse. Consequently, they accepted that something had to be seen to be done to manage unemployment and buy time to ‘transition’ from the old socio-economic model to the new.¹ The TSTWCS was one of a number of employment-related schemes used to help with this (Moon and Richardson, 1985).

The TSTWCS

The TSTWCS was introduced in April 1979, but attained maturity under the Conservatives. The scheme provided financial assistance to companies to allow them to substitute short-time working for jobs otherwise redundant because of temporary trading conditions. Support was dependent on the long-term viability of those jobs and not intended as an indefinite support for uncompetitive businesses (Metcalf, 1982). The TSTWCS operated by identifying how many working days would be lost to a company because of proposed redundancies. So, for example, assuming a five-day working week, a loss of business that threatened to make redundant the jobs of 50 workers allowed the employer to claim provision from the TSTWCS for wage support for a total of 250 workless days a week, which was then used to support workers going onto short-time hours (Metcalf, 1982). Initially, 75% of wages for short-time work days was paid for an otherwise redundant job for up to 12 months. In the summer of 1980, the Conservatives dropped this to six months and in October 1980 the proportion of wages payable was reduced to 50% until the end of the programme, while checks to prevent repeated support for the same threatened jobs were also tightened up. As the economic crisis deepened during Autumn 1980 the reduction in the level of wage support was combined with a temporary extension in the duration of support up to nine months. This lasted until mid-1982 when six months once again became
the maximum period of support a business could claim for each job threatened (Metcalf, 1982; Richards, 1987).

Expenditure of £25 million on the TSTWCS during 1979–80 rose and fell rapidly with the economic crisis of 1980–81, spiking at £365 million before reducing to £27 million for 1983–1984 (Hansard, 1985: col 76–77). In March 1981, workers on short-time work under the TSTWCS peaked at 984,358, before falling back to 268,485 in November 1981 (Hansard, 1982b: col 3). The Government reported that during 1980–81 the numbers supported via the TSTWCS translated into the equivalent of 635,000 jobs saved (Hansard, 1985: col 77). The majority of jobs protected were concentrated in large to medium-sized enterprises in manufacturing industries, reflecting the intensifying de-industrialisation of the period (Richards, 1987).

The Conservative government’s retention of the TSTWCS appears to jar with the New Right’s antipathy to state intervention. Through the TSTWCS, state employees used public money to subsidise wage bills based on an assessment of the future viability of companies, contrary to the contemporaneous market signals that indicated lack of demand for those companies’ products. Moreover, the TSTWCS was perceived to push against the government’s anti-inflationary strategy. The Treasury noted, for example, that by reducing the flow of people into unemployment the TSTWCS diminished its disciplinary effect, potentially undermining the goal of containing upward wage pressure (Public Accounts Committee (PAC), 1983: 14). Given these observations, the TSTWCS appears contrary to the New Right’s market oriented medium term accumulation strategy. We contend, however, that as a tactical concession to the ‘producer’ interest of industrial workers and capital the TSTWCS helped to shield the advance of the Conservative’s broader class political strategy of labour re-subordination from the destabilising effect of de-industrialisation and rapidly rising unemployment.

The TSTWCS and class domination

While the New Right were ascendant within the Conservative Party, the advance of its repressive extraction strategy that restored labour subordination was far from secure in the early 1980s. The uprisings that flared across urban areas of Britain in 1981 as unemployment rose seemingly vindicated a Central Policy Review Staff warning to the new Government after the 1979 General Election that ‘if unemployment were to increase sharply, the present equable acceptance might break down…’. Such warnings exacerbated the concern of ‘one nation’ Conservatives still present in the Cabinet and Party who were
critical of the Prime Minister and Chancellor’s deflationary economic policy and feared a loss of support to the fledgling Social Democratic Party. Their call at the beginning of the 1980s for economic policy moderation chimed with the Confederation of British Industry (CBI), whose manufacturing membership was particularly affected by the Thatcher Government’s strategy (Holmes, 1985; Moon and Richardson, 1985).

Although, the CBI moderated its criticism and the internal threat from one nation MPs was receding by 1982, ministers were acutely aware that unemployment remained a political problem and feared an electoral backlash to social dislocation that would imperil the durability of their reforms. For Norman Tebbit MP (1989), appointed as Employment Secretary in 1981, the government’s various employment initiatives, irrespective of their merits as remedies for unemployment, provided a necessary public demonstration of government concern. Moon and Richardson (1985) conclude the first Thatcher government’s employment schemes effectively dampened public disquiet, for although the matter remained politically salient, public opinion deemed no political party to have clear solutions. Moon and Richardson’s (1985) observations are telling, for, despite government protestations that it should not do so (PAC, 1983), the evidence suggests the TSTWCS delayed, rather than prevented, redundancies and unemployment (Metcalf, 1986). The TSTWCS, therefore, in helping to detoxify unemployment brought some stability to the politics of unemployment and helped buy time for consolidation of the New Right project during a period of high political uncertainty and risk.

This, however, was highly contingent and buffeted by the competing pressures facing the government as it sought to articulate class and economic order politics. With respect to the TSTWCS the temporary channelling of resources to business and labour and the varying generosity of this reflected ministers’ attempts to balance the more immediate class political strategy with medium term economic goals. So, for example, the downgrading of the value of the wage subsidy and duration of support in November 1980 brought strong protests from representatives of the footwear and textile industries and private sector iron and steel companies. For the government, however, the reduced level of support maintained an important concession to (employer and labour) industrial interests that was also consistent with the medium term strategy of containing public spending and minimising market-distorting interventions that prevented uncompetitive companies from going out of business.

Given this perceived alignment with market signals, the TSTWCS can also be understood as straddling the cleavages between the ‘productive’ and ‘unproductive’, the (state) ‘independent’ and ‘dependent’ that were central
to the Conservative’s two nations mode of leadership and domination. By limiting support to jobs in ostensibly ‘viable’ businesses the labour power of workers in them would continue to be partially commodified and, it was hoped, would remain commodified in the longer-term. In this regard, the TSTWCS not only helped shield the broader repressive extraction strategy by moderating the flow of job loss, but was consistent with a governing approach keen to draw distinctions between the ‘productive’ and the ‘parasitic… pauper classes’ that included unemployed people (Jessop et al., 1984: 51).

A 144-seat majority in parliament following the 1983 General Election meant unemployment as a political threat to the radical right’s agenda, while not eliminated, had receded. Ministers’ plan to discontinue the TSTWCS was carried through in 1984, even though unemployment remained elevated (ONS, 2018) and trade union requests in 1984-85 to reintroduce the TSTWCS to prevent redundancies were ignored (Ardill, 1984; Financial Times, 1985). These developments aligned with the pivot to a more aggressive stance towards trade unions in the Conservative’s second term as they consolidated their power and sought to remove regulations deemed necessary to let the market price of labour adjust to reflect its demand (Gallas, 2016). Our contention, therefore, is the TSTWCS was important to ministers’ attempt to secure consent for actions that ‘largely favour[ed] the capitalist class and entrench[ed] their control over production’ (their repressive extraction strategy) over the long term (Gallas, 2016: 49).

Conservative renewal and repressive extraction

The securing of Conservative hegemony by the early 1990s set the parameters of ‘feasible’ unemployment policy for the next 30 years with successive UK Governments, of various political persuasions, adapting a repressive extraction strategy to the management of labour commodification. This occurred amidst transition to a liberal market, post-industrial service economy, where employment growth increasingly polarised between high paid jobs on the one hand and low-waged employment on the other, with a-typical employment also gradually increasing as part of a broader flexibilisation of the labour market (Clarke and Cominetti, 2019).

Under successive UK Governments entitlement to unemployment benefits became more conditional on supplication to practices intended to accelerate labour market (re-) entry, and/or or mimic the disciplinary pressure of the wage-labour environment. Meanwhile, the value of out-of-work working-age benefits stagnated relative to wages while Government’s,
particularly Labour (1997–2010), preferred to channel resources through in-work benefits to further incentivise wage-labour and reduce pressure on employers to raise wages (Daguerre and Etherington, 2016; Edmiston, 2017). The Conservative-Liberal Democrat Coalition administration (2010–2015) retained in-work benefits, but reduced the level of support. It also intensified aggressive disciplinary measures to (re-)commodify labour amidst a broader embrace of public spending austerity (Ellison, 2016). The policing of claimant work-related activity was strengthened: the imposition of benefit sanctions increased; the amount of state social assistance that could be received by a family not in work was capped; and the value of out-of-work working-age benefits declined (Etherington, 2020; Redman and Fletcher, 2021). Returning to office as a single party government following the 2015 general election the Conservative Party continued this trend by freezing working age social security benefits through to 2020, ensuring a real-term decline in their value (McKay and Rowlingson, 2016). Such developments were facilitated through the discursive valorisation of wage-labour and employed people, contrasting this with the depiction of non-employed claimants as lackadaisical, habituated to a life on ‘welfare’ and unconcerned with their dependence on (employed) ‘taxpayers’. While such discourses are not unique to the Conservatives, their use of them marked an intensification of a two nation strategy premised upon a claimed difference in interests, values and culture of employed people and claimants receiving out-of-work benefits. And they were widely repeated in the popular media (Jensen and Tyler, 2015; Richards-Gray, 2020).

The 2015 Conservative government’s benefit retrenchment was combined with the introduction of a new (albeit mislabelled) ‘National Living Wage’ setting a higher rate of pay for workers aged over 25. While allowing the Conservatives to rhetorically lay claim to being the party of (employed) workers (George Osborne, then Chancellor of the Exchequer, Hansard, 2015), this actually continued successive UK Governments’ combining of retrenchment of out-of-work benefits, with wage top-ups and minimum wages to incentivise non-employed people to compete for low paid jobs, alongside managing the pace of (low) wage growth and state spending on in-work benefits (Grover and Stewart, 2002; Grover, 2016). With Britain’s flexible labour market generating atypical jobs of varying hours, duration and stability there is some indication this was successful. So, for example, benefit cuts during the last decade have been associated with a rise in the labour supply of low income groups, contributing to a rise in the overall employment rate from around 70% in 2010 to 76% by the end of 2019 (Bell and Gardiner, 2019; 6, 26–28). An increase in people indicating they were underemployed during this period
has also been identified as contributing to containment of wage growth (Clarke and Gregg, 2018: 38–43).

The Conservative’s repressive extraction strategy was in this sense, ‘working’. However, the continuation of the liberal market consensus and carrying through of a refinement and deepening of the subordination of labour in the context of austerity rested on a narrow base of electoral support. The Conservative Party secured only 36.1% of the vote at the 2010 general election. Hence, it had to govern in Coalition with the Liberal-Democrats. While the 2015 General Election saw the Conservatives returned to government alone, this was on a 36.8% share of the vote (Hawkins et al., 2015). Moreover, in Scotland the Scottish National Party, articulating a social democratic vision and an ‘anti-austerity’ message, took all but three seats at the 2015 General Election (Massetti, 2018; Wiggan, 2017). Further politico-economic shocks were to follow. A majority of UK voters in the 2016 referendun on membership of the EU voted to leave, a collective rejection of the status quo which led to the sitting Prime Minister’s resignation. Reading this as a mix of anti-EU feeling and exhaustion with austerity and stagnant living standards the new Conservative Prime Minister, Theresa May, rhetorically foregrounded a concern with the struggles of (employed) just about managing families (Finch, 2017; Burton-Cartledge, 2021) while advancing an aggressive approach to immigration and Brexit negotiations with the European Union (Burton-Cartledge, 2021).

In an attempt to strengthen the Government May called a General Election in 2017, but lost her majority. This, however, obscured the fact the Conservative’s nationalist rhetoric and authoritarian positioning had secured 42% of the votes cast, sufficient to govern with support from Northern Ireland’s socially conservative DUP (Burton-Cartledge, 2021). As Burton-Cartledge (2021) adroitly details, the subsequent elevation of Boris Johnson to party leader and Prime Minister in 2019 saw this approach mature at the 2019 General Election. The rhetoric of ‘Get Brexit Done’ conjoined with the conjuring of an image of a post-Brexit state rejuvenated and free to ‘level up’ economic inequalities helping to secure the Conservatives an 80-seat majority.

In the space of a decade the Conservative leadership seemingly transitioned from attenuated social liberalism and austere anti-state, liberal market economics to an amalgam of strident nationalism, state intervention and ‘free trade revivalism’ (Clarke, 2020; Spours, 2020). Although novel, we contend this reconfigured, rather than broke, with preceding liberal market preferences, and a two nation mode of domination and repressive extraction strategy. To re-cohere consent the Government have increasingly articulated a form of exclusionary national populism (Peters and Pierre,
2020: 930) that has intensified the (long standing) positioning of migrants and subordinated groups of citizens (for instance, out-of-work benefit claimants) as less warranting of public support. Enthusiasm for the state meanwhile seems geared to reconstructing British society and the economy post-Brexit in ways that maintain or deepens its liberal political economy and, as we indicate below, does not mark a break with a repressive extraction strategy.

The Covid-19 pandemic provided an immediate test of the Conservative government’s national populism and, while expansive state intervention occurred, this tended towards economic and social stability measures that would permit a swift post-pandemic path reversion to the pre-Covid 19 organisation of labour commodification. As late as the March 2020 Budget the government signalled an intention to make only minor changes to enable adaptation of the social security system to the pandemic. These included removal of waiting days for sickness-related benefits; changes to improve access to social assistance (Universal Credit) for low-paid self-employed workers and the temporary substitution of attendance at jobcentres with phone/online interviews (HM Treasury, 2020e).

With a deteriorating public health situation through March 2020, the Government then announced stay-at-home orders, restrictions on travel and closure of whole sections of the economy in the hope of slowing the spread of Covid-19. The scale of the commensurate escalating crisis in labour commodification is indicated in the number of people finding themselves in need of social assistance. In the final week of March 2020 over half a million people commenced a claim for Universal Credit, compared with the typical pre-pandemic 50,000 per week. Overall, the number of Universal Credit claimants increased from 3 million at the point of ‘lockdown’ to over 5 million by that summer (Department for Work and Pensions (DWP), 2021a). Meanwhile, the number claiming the UK’s national insurance-based Jobseeker’s Allowance rose from under 200,000 pre-lockdown to over 300,000 by August 2020 (DWP, 2021b).

The lockdown and rise in claimant numbers were accompanied by further changes to social security, including additional support for housing rental costs and an increase of £20 per week in Universal Credit. Job search requirements and the sanctioning regime for unemployed claimants were also suspended. A determination to avoid a fundamental restructuring of social security, however, permeated the response. In contrast to the uplift in Universal Credit ministers chose not to increase the level of payment for those claiming the social insurance based sickness-related benefit (Employment and Support Allowance) or unemployment benefit (Jobseeker’s Allowance) (Harris et al., 2020; Machin, 2021). The ‘benefit cap’, introduced in 2013 to limit the
income a family could receive in state social security payments meant families already at the cap gained nothing from the increased levels of support. Similarly, the unchanged household basis of assessment for Universal Credit meant a working partner would reduce or eliminate entitlement, as did retention of the pre-Covid rules that diminished support once savings reached £6000 and eliminated entitlement entirely for those households with savings above £16,000 (Machin, 2021; Harris et al., 2020). The privileging of Universal Credit for increases in value (for some) acted to affirm that ‘regular’ social security should primarily be residualised, means-tested and, therefore, reserved for the poorest people.

When the public health emergency receded these minor modifications to the benefit system were swiftly revoked. Benefit conditionality and sanctioning were re-imposed and by summer 2021 adverse benefit sanction decisions for Universal Credit claims were returning to pre-pandemic levels (DWP, 2021c). The £20 per week uplift to Universal Credit was then abolished in autumn 2021, but as a consequence of back-bench Conservative MP dissent and public resistance to the latter, the Government reduced the rate at which Universal Credit is withdrawn from people in wage-labour from 63% to 55%. This meant low-paid Universal Credit claimants would keep a greater portion of their additional earnings (HM Treasury, 2021). This concession offered non-employed claimants nothing, but was consistent with the Conservative’s repressive extraction strategy by incentivising the (re-) commodification of labour power and intensification of work effort, while reaffirming a productive/unproductive divide in financial support post-pandemic. Our point, however, is that these developments were inseparable from the parallel introduction of the more expansive ‘temporary’ CJRS (see also Hick and Murphy, 2020: 322). It provided a relatively generous income replacement which, being linked to an employee’s wage, mitigated the risk of socially and politically disruptive sudden drops in income and status, while reproducing pre-covid labour market stratification.

**The CJRS as the labour commodification stabilisation mechanism**

Introduced in April 2020 the CJRS initially provided a subsidy of 80% of wages up to a cap of £2500 per month per employee furloughed from their job for a period of at least 21 consecutive days. The employer could top the worker’s pay up to its normal level if they wanted. Employer National Insurance contributions and minimum pension auto-enrolment contributions were also covered by the state (Ferguson, 2021; HM Revenue and Customs
As with the TSTWCS, ministers viewed the CJRS as an unfortunate necessity, acceptable in the short term, but undesirable as a permanent tool to mitigate unemployment and manage labour market restructuring. The Chancellor of the Exchequer explained the expectation was that financial support would protect the ‘productive capacity’ of the economy, facilitating a rapid return to normal once the Covid emergency abated (HM Treasury, 2020b).

Initially, the CJRS was to run until the end of May 2020, aligning with the anticipated duration of the first lockdown. It quickly became clear an extension would be required to avoid businesses pre-emptively making furloughed staff redundant in anticipation of problematic trading conditions (Parker and Thomas, 2020). In April and May 2020 ministers announced extensions to the scheme meaning it would run until the end October 2020 (HM Treasury, 2020b, 2020c). From August, employers could bring employees back to their jobs for part of the week while claiming the wage subsidy for the furloughed days (‘flexible furlough’) (Hick and Murphy, 2020: 319. The state continued to cover 80% of furloughed workers’ wages, but employers were required to cover National Insurance and pension contributions. From September 2020, however, it would gradually reduce its contribution to furloughed workers’ wages (HMRC, 2020b, HM Treasury, 2020c). Ministers were seeking to balance support sufficient to prevent mass redundancy, while reducing expenditure and shifting costs back to business to avoid supporting unprofitable companies and hampering re-allocation of capital and labour between unproductive and productive businesses (HM Treasury, 2020d; Strauss and Pickard, 2020).

Seeking to move away from the structure of the CJRS, the Chancellor announced in September 2020 that from November the CJRS would be replaced by a Job Support Scheme (JSS). Intended to run for 6 months the JSS marked a switch to a more fully developed short-time work approach as an alternative to redundancy as the economy re-opened, but trading conditions remained subdued. The first iteration of the JSS marked a radical curtailment in the scope of support offered relative to the CJRS as Ministers attempted to further concentrate resources (as occurred in the 1980s with the TSTWCS) on viable business (Ferguson, 2021; Hick and Murphy, 2020). Weaker companies would not be able to afford to participate in the JSS and presumably would shrink or collapse (Hansard, 2020a). This implied ministers were seeking to unleash the creative destruction of market competition post-lockdown to renew the economy, while retaining some role in managing labour market restructuring to moderate the risk of severe economic dislocation and political instability.
An accelerating rise in Covid-19 cases in October 2020, however, threw the Government’s desire for normalisation into disarray. In a deteriorating health environment the Government pulled the JSS the day before it was due to start, announcing instead the CJRS would continue until December. Eventually the CJRS was extended until September 2021, with support tapering in July and August in line with Government’s roadmap to reopen the economy. Ministers’ desire to accelerate a return to pre-pandemic ‘normality’ in the class politics of labour commodification repeatedly came up against the problem that this was incompatible in 2020 with containing the spread of Covid-19. Each time the jarring of health and economic concerns led the Government to extend the CJRS, which was remarkably effective at stabilising the labour market. The number of jobs furloughed under the CJRS, for example, peaked in May 2020 at 8.86 million, tapered off into the autumn before rising into winter 2020–21, going above 5 million in January 2021, and remaining above 4 million through to spring 2021 (HMRC, 2021, Table 2). Reflecting the changing distribution of jobs since the 1980s and relative exposure to lockdown restrictions, the majority of furloughed jobs were concentrated in services rather than industrial production (HMRC, 2021).

The vacillation between closure and continuation of the CJRS during 2020–21 points to a general tension within capitalist economies between recognition of the need to provide some ‘protection’ of labour power to facilitate its reproduction and the importance of safeguarding employer domination of the labour commodification process as the precursor to accumulation (Block, 1977: 12–15). The success of British governments in constructing a frugal punitive social security system as complement to employer authority in a flexible labour market (Grover, 2019), however, left the UK ill-prepared for the Covid-19-related threat of sudden mass unemployment. The weaknesses in regular social security would have left many people with no, or only limited assistance undermining economic demand, business stability and potentially, support for ‘lockdown’. Covid-19-informed radical reform to social security, however, would potentially have proved difficult to remove once introduced (as the political furore over the abolition of the £20 uplift to Universal Credit suggested), hampering post-pandemic labour market restructuring and the restoration of the UK’s liberal economic model. The government managed this dilemma through a bifurcation of regular and emergency forms of support by introducing the CJRS to run parallel to the regular benefit system. This, albeit unevenly, reproduced labour market stratification and segmentation and left the pre-Covid-19 institutionalised exclusionary treatment of out-of-work claimants relatively undisturbed and the repressive extraction strategy in place. Interestingly, research in the UK into public
attitudes towards claimants since the onset of Covid-19 indicate ‘new’ claimants (i.e. post-Covid) were perceived as more deserving of support than pre-Covid claimants (de Vries et al., 2021). The policy response of the UK Government both aligned with such views and arguably helped to constitute them.

Irrespective of ministers’ underlying rationale, the CJRS proved a popular policy, enjoying broad public support. A survey of voters in summer 2021, for example, reported that three quarters of those who voted Conservative in the 2019 General Election and almost seven in ten who voted Labour judged the scheme a success (Redfield and Wilton, 2021). We might reasonably surmise then, that the CJRS has not damaged the Conservatives’ political standing and may have helped to cohere their voter base by adding material weight to populist rhetoric regarding an active state ready to act in the collective (British) interest. The Chancellor of the Exchequer, for example, was adept at presenting the CJRS as evidence of Government power and willingness to do whatever it took to protect people and the economy (HM Treasury, 2020b, 2020c, 2020d). The CJRS, therefore, can be understood as a temporary intervention commensurate with the Conservative’s broader exclusionary national(ist) populist project and its attendant two nations mode of leadership and domination.

Discussion and conclusion: class politics and job retention schemes in Britain

This article has focused upon two examples of the use by Conservative governments of job retention-type schemes. Using Gallas’ (2016) theoretical framework, our argument is that in both cases the job retention schemes upon which we focus can be understood as intending to help secure a class political regime premised upon the domination of labour and a repressive extraction strategy. This might seem a controversial claim because the commodification of labour power is central to such extraction (how can surplus value be secured if workers are not in work?) and the immediate role of job retention schemes is to de-commodify at least some of the labour power of those people placed on them. In the case of the TSTWCS, because it was premised upon the subsidisation of the wage costs of workers whose hours had been reduced, it simultaneously de-commodified and commodified their labour power, with the hope that in the longer-term the workers involved would be commodified full-time.

The original version of the CJRS de-commodified all the labour power workers sold to employers, while from August 2020, like the TSTWCS, it enabled commodification and de-commodification simultaneously. While it
is unusual for the British state to develop policies designed (in part) to
decommodify labour power, in both the TSTWCS and the CJRS short-term
decommodification was deemed a price worth paying for longer-term com-
modification potentialities. Hence, and perhaps counterintuitively, both the
schemes can be understood as being consistent with the commodification of
labour power. This is a more general social policy concern that is particularly,
but not exclusively, visible in social security policy for working-age people.
That consistency was reinforced by the separation of both job retention
schemes from regular social security policy. In this sense, the TSTWCS and
CJRS helped to delineate and maintain a differential treatment of the
‘productive’ (those in short-time work or furloughed) from the ‘unproductive’
(recipients of out-of-work social security) in the two nation mode of leadership
and domination visible in the Conservative Governments of the 1980s–1990s
and the 2010s–2020s.

The preservation of wage-labour, albeit of a short time nature in the
TSTWCS, was also part of a wider government argument at the time that if
Britain was to prosper, its workers would have to be more accommodating
in their approach to wage-labour, including the hours and wages for which
they worked and the types of work they did. Such views were embedded,
for example, in investigations early in the 1980s into the possibility of intro-
ducing a part-time unemployment benefit and the later extension of in-work
benefits as a means of encouraging engagement in ‘non-standard’ and low
paying jobs (Grover, 2016).

In contrast, the CJRS was introduced when labour market flexibilities were
well established and was framed by the idea that labour markets would be
‘frozen’ at the time of ‘lockdown’, to be defrosted at its end. There was no
attempt, for instance, to encourage part-time or any other forms of flexible wage-
labour. In fact, the Chancellor of the Exchequer, argued when the CJRS was first
introduced that it was not possible to design a scheme that allowed part-time
work alongside part-time furlough in the available time and because it would
lead to ‘the state... subsidising the wages of almost the entire workforce’
(Hansard, 2020b). Furthermore, when the CJRS was changed to allow part-
work/part-furlough-type arrangements (from August 2020), this was on the
understanding there would be a return to economic activity and so part-time fur-
lough would help ‘support the transition back to work’ (Sunak, in Hansard,
2020c). The implication of Sunak’s comments was that wage-labour would
be full time and that part-time furlough would help workers to transition
back into it.

For Conservative governments, the TSTWCS and the CJRS presented a
tension between their desire for markets free from state intervention, and
recognition that labour commodification and the creation, organisation and
protection of a competitive market economy necessitate state action; the con-
tradictions of state social welfare that Claus Offe (1984) writes about. A key
issue in the development of the TSTWCS and the CJRS was how governments
might advance/protect arrangements that subordinate labour during times
that require extra-ordinary state intervention without fully substituting the
state for market relations.

The TSTWCS was intended to provide a temporary means for viable com-
panies to secure new business (PAC, 1983) and helped the Conservative
Government to manage a period of political instability and threat to its political
project. The CJRS was similarly conceived as a temporary measure to stabilise
business and labour markets brought to a point of collapse by a government
shutdown of the economy as a public health measure, and which posed a
threat to the Conservative government’s class politics of labour commodification.
The TSTWCS helped stabilise the Conservative’s class political project to restore
the supremacy of employers and the state in the management of labour com-
modification. Conversely, the CJRS froze existing labour market arrangements,
in which domination of labour was well established, in order to facilitate rapid
path reversion post-lockdown. The contingent innovation of the CJRS enabled
the Conservatives to mitigate pressure for greater improvements in working-age
benefits and cast themselves as working to protect citizen and nation in keeping
with a one nation rhetoric that belied the continuation of the pre-Covid repres-
sive class politics of labour commodification.

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