CHAPTER 7

Class Conflict in the Post-Pandemic World

Abstract When the arrangements for relaxing the lock-down in the UK were announced in mid-May, 2020, the Prime Minister, Boris Johnson, was accused in several newspapers of unleashing a ‘class war’ against the working class. Factory and transport workers were being encouraged to return to work, and hence were put at risk, while most middle-class jobs could far more readily still be done from home. The rules on child care and social care were unclear, and personal protective equipment was in short supply for both, re-enforcing these injustices (BBC Radio 4, ‘Today’, 12 May, 2020). The Black Lives Matter movement, a mass mobilisation which followed the killing of George Floyd by a white policeman in Minneapolis, USA, quickly led to large demonstrations and marches for the same cause in the UK.

Keywords Racism • Income support • Furlough • Social justice

The day before Boris Johnson’s announcement, it had been reported that bus drivers, security guards and chefs were over four times more likely than the average citizen of working age to die from the coronavirus. Other working-class jobs were twice as susceptible to infections leading to fatalities. By contrast, hospital professionals’ death rates were no higher than the average.
In the years leading up to the pandemic, class seemed to be becoming a less prominent factor in electoral politics. Many blue-collar workers had voted for Donald Trump, especially those from rustbelt states where deindustrialisation had been most extensive. The North of England had voted Conservative in far higher numbers in December, 2019, than in any other election in the decade. But, above all, social democratic parties seemed to be on the retreat all over Europe, with the UK Labour Party just one example of many (Wales was an exception, with Mark Drakeford becoming the only Labour First Minister).

In France, Emmanuel Macron’s *En Marche* and the *Front National* had drawn members away from the Socialist Party to such an extent that in mid-May, 2020, its leaders decided to approach the Greens to propose a merger – from a position of weakness, not strength. In Germany, the Social Democrats were in scarcely better shape, in the face of the rise in support for the far-right *Alternative für Deutschland* and the Greens.

In the USA, the politics of race and racism have always been an underlying theme of all responses to and outcomes of crises, such as the pandemic; to be both poor and Black represents double jeopardy. The country’s rate of infection comprised 25 per cent of global totals, with Black and minority ethnic people three times as likely as their white fellow-citizens to be among these, and nearly twice as likely to die in consequence (Emily Tamkin, ‘Inside America: How Trump Uses the Culture Wars as a Distraction from the Accelerating Covid-19 Crisis’, *New Statesman* (10–16 July, 2020, p. 21).

It should have been clear that class issues have never gone away; the differential rates of fatalities from coronavirus were only revealing what should have continued to be obvious. The factor which concealed them was that the working class had become divided by the processes of deindustrialisation all over the West, and the policies for wage supplementation of the less favoured service workers which had caused this.

There was also a resurgence of far right activism in the UK, including mobilisation by young people. The internet allowed this neo-Nazi movement to publish its violent views, including celebrating the murder of Labour MP Jo Cox. This appears to have been part of an international network, sponsoring acts of terrorism from Russia to the USA. They trained their recruits to ‘shed empathy’ and enjoy sadism, and formed an increasing part of the workload of MI5, the security service, attacking Jews, Muslims, women and BAME citizens (BBC Radio 4, ‘File on Four’, ‘Extreme Right’, presented by Daniel Day Simeone, 28 June, 2020).
But in the wider context of British society, the pandemic had knitted together a divided working class. In a very paradoxical way, the need to supplement the incomes of all (or most) members of the working class had reunited it, and allowed the expression of a common interest, for instance over the risks of re-opening the economy from lock-down.

In principle, this should also have offset the loss in well-being, and hence in social value, of those most at risk of the virus, and of the poverty which accompanied the measures to minimise its spread. Over the long term, the division in the working class had been a major factor in coercive policies which reduced social value; now these were no longer in force. In this chapter, I shall examine the paradoxes in this situation.

**THE EFFECTS OF THE FURLOUGH SYSTEM**

The word ‘furlough’ was almost unknown in British English parlanse before the pandemic crisis. It was adopted as a euphemism (or circumlocution), to avoid using any expression which might imply that measures such as the payment of universal (or very widespread) benefits to citizens could be regarded as long-term or permanent rights. If the term meant anything in British English, it suggested a kind of leave of absence, usually applied to sick or injured members of the armed services.

The scheme was originally announced in early May, 2020, as a ‘jobs retention’ plan, to pay 80 per cent of the wages of those laid off due to the pandemic, up to a maximum of £2500 per month, at a total cost of approximately £40 billion, for four months. With the additional outlay of £10 billion for the self-employed, this amounted to more than the rescue of the banks during the financial crash of 2008–9. Altogether, public borrowing in that crisis had been £100 billion over four years; the pandemic measures would cost an estimated £80 billion over four months (BBC Radio 4, ‘The Briefing Room – Prospects for Recovery’ (presented by David Aronovitch), 8 May, 2020).

By 12 May, the government was effectively supporting half the UK workforce, and the limited return to work under conditions of safe self-distancing which began then would continue for a further period of several months. But a leaked government document suggested that public borrowing would be ten times as high as had been estimated only four days earlier (BBC Radio 4, ‘Today’, 13 May, 2020). Later the same day, the Director of the Institute for Fiscal Studies, Paul Johnson, described the fall in national income as ‘the recession to end all recessions’, an
unprecedented decline which might be followed by a rapid recovery, but only if the coronavirus did not break out again, requiring a return to social isolation measures (BBC Radio 4, ‘The World at One’, 13 May, 2020).

In the same programme, Kenneth Clarke, the Conservative former Chancellor of the Exchequer, said that in an age of nationalism and protectionism, it was very important to achieve international co-operation to stave off the most disastrous economic consequences of the pandemic. DeAnne Julius, former member of the Monetary Committee of the Bank of England, said that, with low interest rates persisting, it should be feasible to increase the fiscal deficit to 10–15 per cent of GDP, and that it would take up to a decade to pay this extra borrowing back. The expert on property sales and values, Kirstie Allsopp, predicted that house prices in rural districts would rise, and those in London’s suburbs would fall, as commuters who worked from home during the pandemic discovered that they could find a better quality of life by working from home in the countryside.

Later in the day, Professor of Economics at Cambridge University Diane Coyle said that there was no word in the lexicon of economic terms to describe the extent of the collapse. Health ‘output’ is likely to fall because of some of the usual tasks foregone; the disruption to the education of the young generation will affect their whole lifetime earnings. In other sectors it is hard to estimate the likely losses through a catastrophic decline in certain key services (BBC Radio 4, ‘PM’, 13 May, 2020).

In the New Statesman, Paul Collier recommended devolution of economic decisions to the regional level (8–14 May, 2020, ‘Capitalism after Coronavirus’, pp. 25–8), and Simon Jenkins pointed out that the Chancellor was ‘measuring lives today against lives tomorrow’, with the media holding him to account for his decisions (‘The BBC and the Journalism of Fear’, pp. 31–2). In general terms, the class component in infection and death rates did not attract as much attention as it perhaps deserved. This may have reflected a kind of loyalty to the NHS as an expression of national solidarity, and the desire not to seem to criticise it.

In this chapter, I shall trace the fluctuations in how the UK polity expressed and managed issues of class and class conflict, and how these influenced welfare and well-being. Much of this story concerned the slow decline of the Liberal Party in the first half of the twentieth century, and the lasting influence of three Liberals, David Lloyd George, J.M. Keynes and Sir William Beveridge, on its public institutions and services.
Defusing Class Conflict

During the nineteenth century, UK governments of both major parties were intensely ambivalent about the participation of the working class in politics. The franchise was very gradually extended (to men, not women), in contrast with the universal suffrage in the USA. But the foundation of the Labour Party at the end of the century signalled a requirement for more active measures to attract votes from workers, through legislation which dealt with the problems most afflicting their lives.

Before this, specific problems of the poor which impacted on the lives of the middle class had been addressed in an ad hoc way. Utilitarians such as Jeremy Bentham, Sir Edwin Chadwick, James Kay-Shuttleworth and Dr Thomas Southwood Smith had campaigned successfully for specific measures for public health and well-being, especially where unsanitary conditions could affect respectable neighbourhoods. For instance, during his long life, Chadwick championed Poor Law reform, the safety of child factory workers, sewers and public health more generally, and these all contributed substantially to the improvement of the lives of urban working-class people. For most of this period, he had been denounced and opposed by these poor people and by the trades unions, but at the end of it (in 1890) he had become popular with those who had reviled him, and their organisations (Finer 1952).

In all these respects, Chadwick (like Bentham) was seen as a suspect anomaly in an age of Liberal laissez faire, free-market politics. For instance, he was attacked in The Times (3 May, 1833) for ‘pomp and pretension combined with…vagueness and apparent insincerity of purpose’. He was denounced as an inquisitor as well as a persecutor of the poor. But what he was really pioneering was a view of society in which the government could steer and influence public behaviour, and thus reduce the need for coercion and punishment. Like one of a new class of benevolent factory-owners, he set about improving the sanitation of the urban environment, providing amenities and making it more attractive, regarding this as ‘good economy’. He influenced the growth of an enlarged civil service and local government workforce, with inspectorates to oversee regulations.

But it was not until 1910–11 that a Liberal government enacted legislation to supply a proportion of the workforce with contributory National Insurance benefits for unemployment and sickness, steered through Parliament by the dynamic David Lloyd George and the young (then Liberal) Winston Churchill (Hay 1975). In what turned out to be the
swansong of Liberal Britain, the party, relying on support from Irish Home Rulers, responded to a series of damaging strikes in industrial districts and the increase in Labour Party support by measures which penalised the aristocracy, but ‘were not designed to advance the worker but to propitiate him’ (Dangerfield 1935, p. 32). These were more concerned about diverting attention from the more radical critique of capitalism by the socialists than defending the kind of society which would elect Liberal majorities, ‘where social ills would be medicated but never cured; and where the ideal man would come more and more to resemble an honest, tolerant, intolerable grocer’ (ibid.).

The Liberal Party never recovered its leading position in British politics after the First World War, yet it did supply the two leading figures in the creation of the welfare state by the end of the Second. John Maynard Keynes was a member of the Bloomsbury Group of novelists, poets and artists, and very much a man of the world; he had contacts with economists all over the Empire and in the USA. His analysis in his highly influential book *A General Theory of Employment, Interest and Money* (1936) was global in its scope, and it became as renowned in the Empire and on the other side of the Atlantic as it had been among politicians in the UK.

He boldly attacked the prevailing economic orthodoxy, that the labour market necessarily and optimally distributed the whole of the ‘wages fund’ to the whole working class. In reality, he showed, the supply of labour does not necessarily create its own demand, and the economy might reach an equilibrium below full employment because of ‘an insufficiency of effective demand’. As a result, the total sum of consumption plus investment could fall short of the levels required to supply jobs for all, especially if the rate of profit declined. In this way, ‘deficient effective demand’ could lead to ‘a level of employment …short of the supply of labour potentially available at the existing wage’ (p. 30).

Keynes wanted to construct a theory in which individuals were no longer the constituent units, but was aware that, for most purposes, the whole world was a single economic system (as Adam Smith had recognised); hence an analysis in terms of national units of account was in a sense arbitrary (p. 37), and many of the aggregate terms he coined were ‘imprecise and approximate’ (p. 43). He was reluctant to propose national policies, and soon moved to the USA, where he presided over the creation of the international monetary system. But his ideas were very influential during the Second World War and the subsequent boom, only to be discredited by the worldwide recession of the 1970s.
Only in the appendices to the *General Theory* did Keynes make specific proposals on policy. His ‘Concluding Notes on the Social Philosophy to which the General Theory might Lead’ recommended state investment policy, redistribution of income and the ‘euthanasia of the rentier’, in order to end exploitation of the scarcity-value of capital and land (p. 376). In this way, capitalism could be transformed without a revolution (ibid.); there was no case for state socialism (p. 378). Indeed, the necessary changes could be introduced ‘without a break in the general traditions of society’ (ibid.).

Sir William Beveridge was a Liberal who had been involved in the reforms of 1908–11, and he was an admirer of Keynes’ work; he wanted to make specific its practical and institutional implications, in relation to employment and National Insurance benefits. He supported the idea of managing effective demand, so long as civil liberties could be preserved; the state should protect the population from mass unemployment ‘as definitely as it is now the function of the state to defend the citizens against attack from abroad and against robbery and violence at home’ (*Full Employment in a Free Society* 1944, p. 29).

If universal secondary education, a National Health Service and family allowances (payments for each child) were available, such an employment policy would supply security against poverty for all but those in certain identifiable circumstances (*Social Insurance and Allied Services* 1942, p. 120). These contingencies formed the basis for Keynes’ scheme – non-means-tested flat-rate benefits, funded by compulsory contributions from employers and workers, intended to cover subsistence costs, and leaving claimants to top these up from savings. But the scheme had two great weaknesses: the rates of benefit were already inadequate before it was introduced, and were greatly eroded by inflation over the years that followed; and there was no provision for unsupported women (other than widows), a growing problem as divorce rates increased. Married women received benefits as ‘dependants’ on their husbands.

This new version of liberalism, implemented by a Labour government, was clearly a sharp divergence from the views of nineteenth-century philosophers such as Herbert Spencer (1860, 1884), whose Social Darwinism constructed poor people as subject to the laws governing the survival of the fittest. But it was still class-based in its institutional regulations. Those without a property income to support them continued to be forced to labour for their subsistence, up to retirement age, in order to qualify for support in times of redundancy, sickness or disability.
Only the National Assistance Board, the heir to the Poor Law authorities, was available to support those who did not qualify for contributory benefits, and it still enforced such relics of the Poor Laws as the ‘cohabitation rule’, under which women, including those with numerous children, were disqualified from benefit if they were suspected of ‘living with’ (in effect, having a relationship with) a man.

Meanwhile, a whole class of property-owners had no need for recourse to any of these systems, and from the early 1970s the fortunes of the classes began to diverge more quickly. On the one hand, a larger proportion of the population gained access to higher education, and to jobs with occupational pensions and other perks; they could increasingly afford to borrow money from building societies to purchase their own homes, and to move up the ‘housing ladder’ as their earnings rose through a career with promotions and bonus payments. On the other, some workers in the increasingly dominant service sector were paid at rates insufficient for subsistence; those with children increasingly required subsidisation through payments (first called Family Income Supplements, later Tax Credits) of means-tested benefits. By 2011, the proportion of workers with families receiving these subsidies was more than 70 per cent.

**Conclusions**

Since the Second World War, the class structure of British society has been transformed. The de-industrialisation which began in the mid-1960s, as multinational companies began to relocate production in the Far East (and from North to South and Central America), left workers needing to adapt to a new employment landscape, in which educational qualifications and technical skills were at a premium. Those who lacked these were often left with low-paid, insecure, part-time employment or self-employment; more women had entered the labour market, but mainly as secondary contributors to household incomes.

The working class no longer presented a united front; ever since the collapse of the miners’ strike in the mid-1970s, the trades union movement represented only a minority of workers. The Labour Party under Tony Blair had become an even more enthusiastic promoter of programmes of privatisation of the public sector than Margaret Thatcher had been, and the eventual transformation of tax credits into Universal Credit under David Cameron institutionalised a divisive scheme which further weakened class solidarity.
Eventually, the decades of de-industrialisation and increasing inequality in the UK provoked demonstrations and marches, in which young people with few prospects of jobs to match their qualifications took to the streets to protest. As had happened in previous demonstrations, the police perceived peaceful demonstrations as ‘unruly’ and potentially violent, and attempted to disperse them, enabling the militants looking for a fight to hit back in ‘self-defence’ (BBC Radio 4, ‘How Peaceful Protests Turn into Riots’, ‘The Life Scientific’ (presented by Jim Al-Khalili), 16 June, 2020).

The reality of rising debt with few prospects for better work and earning opportunities meant that frustration could at any time turn to anger and mass action. The police were increasingly seen as enemies of the working class, creating an atmosphere of tension in deprived districts.

So the coronavirus pandemic struck an economy in which the income of the working class had been stagnating for almost four decades, as capital gained an ever-larger share of GDP. It caused massive lay-offs and declines in incomes, but it also gave rise to the furlough payments which offered a glimpse of a possible future. If wages would need subsidisation on an even larger scale than before the pandemic, perhaps this could be done according to a principle more consistent with class solidarity. This will be the topic of the next chapter.

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