

Post-Covid-19 Futures: Looking Back to Look Forward for People and Places

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Preface

Our aim in this 9th paper in our series on Covid-19, is to try to look forward beyond the pandemic, and to see what things may look like on the other side of it. It is far too early to know with any certainty what will emerge, but not too early to try at least to imagine what that might be. To look forward means we also have to look back, since the pandemic represents an extreme event throwing its impact into a process of transformation that was under way before it happened. At the simplest level, it acted as an accelerator, picking up certain ex ante tendencies and speeding them up.

The digital transformation is the most evident process affected by the pandemic. Covid-19 also sparked off a further wave of intense innovation out of necessity with new products and processes in abundance. The mRNA vaccine technology stands out as an example. But there were also many examples of innovations in human behaviour where people and organisations just had to come up with entirely new ways of doing things. There were activities that will either not survive the event or will be hardly recognisable after it, and in August 2021 concerns were more about the impact of the end of furlough², and of shortages of employees³ in some sectors.

We cannot hope to capture a comprehensive sense of all this as yet. But what we can do is, by starting with some pre-pandemic trends that looked like being powerful future-predictors as a base, try to see what the pandemic did to them and identify some strong signals to underpin discussion.

The Pandemic Impacts a System in Transition

No going back: A revolutionary transformation

After a year and a half of the Covid-19 pandemic, any full return to the previous 'normal' seems impossible, and the future is likely to be very different from anything we have seen in the past. The much lauded 'freedom day' from restrictions in July was misjudged. It encouraged mixing as if the virus had gone away⁴. The week of August 23, 2021, saw cases and deaths rising worryingly in advance of

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² <https://www.bbc.co.uk/news/explainers-52135342>

³ <https://www.bbc.co.uk/news/business-58014256>

⁴ <https://www.cgdev.org/blog/its-freedom-day-uk-covid-not-going-away-any-time-soon>

the mass return to schools⁵, a process by then already evident in Scotland where schools had already returned⁶.

So many of the key drivers have been profoundly altered and a raft of new things has emerged. Before the pandemic there was the accelerating impact of the new technologies and some hints that globalisation was going to see a difference in its intensity and form⁷. The pandemic provoked a massive acceleration in the speed and range of change in both⁸. It also brought everybody face-to-face with the potential vulnerability of the system under which they had been living.

As noted in Paper 5⁹ in our pandemic series, there were prior indications of the potential for transformative systemic change before the virus arrived. But it seemed that there was not much immediate need to worry. Digital transformation in business and the workplace was moving forward, but with a sense that the effects of things like artificial intelligence (AI) and robotization would be less threatening to many jobs than anticipated¹⁰. Labour displacement was to be expected as with all the earlier waves of automation but new job opportunities were expected to emerge, balancing things out over time. Short term disruption was a natural expectation but potentially manageable¹¹.

What was not foreseen, however, was how far the latest form of the system emerging from the new wave would see such a *dramatic change of so many underlying drivers* when the pandemic arrived¹². At the beginning of 2020, then, it was things behind us like the financial crash of 2008 that still captured attention, and not things lying in wait that might change things fundamentally.

System vulnerabilities exposed

The pandemic rapidly opened an alarming window on what a system of intense, fully connected global interaction could open the world up to. It was shocking to see what could happen when a lethal virus jumped on board global travel networks to propagate itself. We commented on this in Paper One¹³ of our Covid series as the pandemic developed. The immediate need to shut large parts of the global system down showed just what could happen. Complex supply chains were forced to stop operating and people had to stop physically coming together. The threat of a system breakdown quickly rose to become the stuff of nightmares. At home, it quickly became clear that occupational status, coupled with relative poverty, increased the chance of contracting the virus¹⁴ - while age was a key predictor for the most serious outcomes.

⁵ <https://www.bbc.co.uk/news/health-58334835>

⁶ <https://www.bbc.co.uk/news/uk-scotland-scotland-politics-58328945> and <https://www.bbc.co.uk/news/uk-scotland-58357346>

⁷ <https://www.oecd-ilibrary.org/sites/5a700c4b-en/index.html?itemId=/content/publication/5a700c4b-en>

⁸ <https://doi.org/10.1787/0a76109f-en>

⁹ <https://www.peter-lloyd.co.uk/app/download/5811044437/Post+Virus+Work+and+Skills+Needs+20+Final.pdf>

¹⁰ <https://www.ft.com/content/ad0f30ac-2b1d-11ea-a126-99756bd8f45e> and <https://www.economist.com/finance-and-economics/2021/06/19/is-the-pandemic-accelerating-automation-dont-be-so-sure>

¹¹ <http://www.bbc.com/capital/story/20180312-historys-unfounded-fears-over-the-future-of-work>

¹² <https://www.ft.com/content/d02342c9-1bdf-43a8-a242-df73493ef894> and <https://www.ft.com/content/817228a2-82e1-11ea-b6e9-a94cfd1d9bf>

¹³ <https://www.peter-lloyd.co.uk/app/download/5812160473/There+was+no+plan+-+Blog+-+Version+12b+Final.pdf> and see also *Failures of State: The Inside Story of Britain's Battle With Coronavirus* by Jonathan Calvert and George Arbuthnott, <https://harpercollins.co.uk/products/failures-of-state-the-inside-story-of-britains-battle-with-coronavirus-jonathan-calvertgeorge-arbuthnott>

¹⁴ <https://www.economist.com/finance-and-economics/2021/07/31/why-have-some-places-suffered-more-covid-19-deaths-than-others>

By mid-2021, the virus continues to ravage parts of the globe as new more transmissible variants emerge. Indeed, we are told that Covid-19 will probably be here forever¹⁵, just like influenza and a raft of other contagious diseases. International travel is still reeling and struggling to find a way to recover as governments continue to deploy ever more complex rules for their borders. Massive vaccination programmes are offering a way out but there is as yet, no definitive end in sight. A key issue is the pursuit of a rapid vaccination process in developed countries at the cost of low levels in many poorer countries¹⁶ and among those in poverty¹⁷ ¹⁸. This betrays a continuing indifference to the global interconnectedness that enabled the virus to spread in the first place.

A system still recovering from the financial crash

For the UK, the virus could not have arrived at a worse time. By 2020 there was still only partial recovery from the 2008 financial crash and Brexit was absorbing most of the attention of the government. The country was looking back to a decade of policy-driven austerity that had a strikingly unequal impact across the social and geographical divide. Local authorities – especially those in the poorest areas - were still being required to make significant cuts in expenditure. While returns to investors and asset holders had come back to the pre-crash trend; wages, productivity and consumer disposable incomes had remained flat. Investment had been deployed to consolidate and grow assets, promote shareholder value and launch a rising trend in share buy-backs rather than to create jobs and improve incomes¹⁹. A country with among the highest levels of inequality in the G7 was about to see Covid-19 work to exaggerate those differentials still further²⁰.

Climate change adds new uncertainties

In the background to all this was growing anxiety about climate change. Though the trends for global warming had been known for decades, dealing with it was still not near the top of the political agenda. Even the fact that many capital cities (and therefore the centres of capital) might be threatened by a rising sea level was not yet capturing attention²¹. Voices were, however, becoming louder that *points of no return* were getting close, and that, if we were just to carry on, we were in danger of destroying the very habitat that sustains life on the planet²².

The arrival of a “force of nature” in the form of a deadly virus triggering a global pandemic made it possible to imagine that the end of life as we know it could well be a possibility. The “old normal” was revealed to have within it the potential to destroy the means for the survival of humanity²³. Reminders

¹⁵ <https://www.independent.co.uk/news/health/covid-lockdown-uk-patrick-vallance-b1865820.html>

¹⁶ <https://www.economist.com/middle-east-and-africa/2021/02/06/africas-recovery-from-covid-19-will-be-slow>

¹⁷ <https://www.nature.com/immersive/d41586-021-00943-x/index.html>

¹⁸ Indeed, parochialism returned quickly as the Prime Minister was warned by some of his party about levels of ‘poverty’ in their constituencies. <https://www.theguardian.com/society/2021/aug/01/johnson-faces-rebellion-over-intolerable-hunger-and-poverty-in-home-counties>

¹⁹ As we now know, this was a tendency largely immune to the worst effects of the pandemic as the finance sector continued to maintain its position throughout. <https://www.ft.com/content/aa2d70b9-208e-4515-a503-f0808c978e87> and <https://www.ft.com/content/315a02d1-6606-433e-b6f4-1989f2fad27d>

²⁰ <https://www.ft.com/content/f8251e5f-10a7-4f7a-9047-b438e4d7f83a> and <https://www.bbc.co.uk/news/business-57575077>

²¹ <https://www.economist.com/britain/2021/07/31/londons-flooding-is-sure-to-worsen> and in Indonesia plans to relocate Jakarta <https://www.reuters.com/article/us-indonesia-capital-idUSKCN25F13W>

²² <https://www.economist.com/technology-quarterly/2021/06/15/loss-of-biodiversity-poses-as-great-a-risk-to-humanity-as-climate-change>

²³ <https://www.ipcc.ch/assessment-report/ar6/>

are with us daily with the July 2021 floods in Germany, Belgium and the Netherlands; heat domes and forest fires North America; forest fires in Russia and Canada – all just in one month.

In the face of this challenging context, the pandemic promoted a further shift in the tectonic plates of the politics that had been normal before it. Government had to take the lead. Business had to find ways to cope with the unprecedented. People had to curtail their normal freedoms. In the background the digital transformation saw a step jump in its speed and depth of penetration driven by new needs. Going back to the “old normal” is not only well nigh impossible. It is perhaps the last thing to do when the previous position had so little to recommend it.

In trying to imagine what the future might be like on the other side of the pandemic a constant theme has been that, while Covid-19 brought things into play that were distinctly new (whole city and region lockdowns by government fiat, for example), a strong thread in its impact was to take trends already observable beforehand and take them to new levels. One way, then, to look over the horizon to the future can be to look back and see what was present before 2020, take the strong threads, and extend them forward in an imagined post-pandemic form.

Conditions before the pandemic arrived: A flawed “normal”

Inequalities running to extremes

Before the pandemic there was a defining feature of the UK that everyone was clear about. This was the level of inequality that had grown up over the previous four decades. According to the Office for National Statistics, the top 10% of households by income earned 6.8 times more than those on the lowest rung, and the wealthiest 10% had 290 times more in total assets than those at the bottom of the pile²⁴. Even at a time of national austerity, the level of wealth – including property, cash savings, shares and pensions – rose by 15% in just the two years to June 2016. This was itself unevenly spread with the top 10% of households owning almost half, while the poorest fifth's overall wealth declined in real terms²⁵.

Geographically, the UK was also more inter-regionally unequal than the United States, France, Germany, Spain, Sweden and South Korea²⁶. On whichever measure was chosen, the gap between rich and poor in the UK was wide and consistently getting wider. Measured by income, by assets or by place; *significant socio-economic inequality* was a defining characteristic of the country.

Inequality in income and wealth as the internationally recognised statistical measure embraces underneath it a whole nexus of co-related features that are harder to measure and less cross-comparable between nations. One of those, and clearly one of great significance in a pandemic is *health inequality*. Despite having the internationally much lauded NHS, the UK also presented itself to the world pre-pandemic as a country of extreme health inequalities²⁷. It was also a nation where life expectancies had stopped growing for the first time in a Century. Diseases of the poor like Type 2 Diabetes²⁸ were rife and mental health was declared by experts in the field to be at an all-time high.

²⁴ <https://www.theguardian.com/uk-news/2019/nov/27/parts-of-england-have-higher-mortality-rates-than-turkey>

²⁵ <https://www.theguardian.com/news/2019/sep/09/inequality-is-it-rising-and-can-we-reverse-it>

²⁶ <https://www.sheffield.ac.uk/news/nr/uk-higher-regional-inequality-large-wealthy-country-1.862262>

²⁷ <http://www.instituteofhealthequity.org/resources-reports/build-back-fairer-the-covid-19-marmot-review>

²⁸ <https://www.nice.org.uk/guidance/ph35/evidence/ep-3-socioeconomic-status-and-risk-factors-for-type-2-diabetes-pdf-433771165>

Add in shockingly high levels of poverty²⁹, particularly among children and what later became the media headlines of the pandemic were all too easily predictable.

In addition to facing issues of poor health, an unacceptably high proportion of the population was in no position to protect itself adequately against the ravages of the virus on their daily lives. Low income groups lacked the economic resilience to cope with income shocks on lockdown. They found it hard to maintain distancing in their jobs or at home. As we documented in our series of papers, Covid-19 hit the poorest people and places earliest, hardest, and with great damage. While the virus had a known propensity to attack older age groups severely, being poor was also a powerful discriminant for the worst outcomes. Geographically, the incidence of infections, hospitalisations and deaths emerged as having had a remarkably close correlation with the index of multiple deprivation³⁰.

In many important respects Covid-19 was, in old-fashioned language, "class-based". It had the worst impact on those people and communities occupying the lowest segments of the socio-economic scale. By contrast, those near the top of the income and wealth scale were less affected - and some could even be seen to derive benefits from it. Post-pandemic, we will have to face conditions that already by 2020 were identifiable as a stain on the nation. The "old normal" was certainly not something that the victims of the system would want to go back to.

A labour market promoting inequality

Before the pandemic arrived, the financial crash had seen a strong drive to raise labour productivity³¹ and restore rates of return to capital. This reflected a fundamental transformation that had been underway in the labour market since the 1970s. Working toward flexibility in the use of labour had been the watchword for employers and governments from the beginning of Neoliberal thinking.

Critically for what was to follow, this had dovetailed perfectly with the arrival of the revolution in digital technologies. Taking the detailed division of labour to another level saw work tasks further unbundled and simplified. The automation of complex assemblies through using easily replicable components was ideally suited to the work arrangements and machines of a digitally transforming economy. The pathway to a more intensive level of digitally driven automation was wide open.

As an essential part of this process, more and more "zero hours", short-term and temporary contracts appeared and began to colonise whole segments of the labour market³². In concert with this trend,

²⁹ <https://www.manchestereveningnews.co.uk/news/greater-manchester-news/pandemic-lessons-from-the-north-20233278> and <https://www.bmj.com/content/372/bmj.n376>

³⁰ <https://census.ukdataservice.ac.uk/get-data/related/deprivation.aspx>

³¹ As against overall productivity (GDP), where the definition and metrics are more controversial: <https://www.economist.com/britain/2021/07/03/statisticians-make-britains-productivity-slowdown-look-less-dramatic> and <https://op.europa.eu/en/publication-detail/-/publication/c424229e-ef4b-11eb-a71c-01aa75ed71a1/language-en>

³² Adams, Freedland, & Prassl, 2015 "The 'Zero-Hours Contract': Regulating Casual Work, or Legitimizing Precarity?" https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2507693

more and more workers were to find themselves in what has come to be called the *contingent labour market*^{33 34}.

Reorganising the conditions of labour and the work process in the internet age was also possible in some sectors on a global basis. Work and workers could be assembled internationally by means of *platform work*³⁵ competing with each other on entirely unregulated terms. As an organising principle for assembling and utilising workers, this fundamentally changed the employer-employee relationship. For the workforce, the difficulty of identifying their employers was added to the difficulty of organising together to capture better conditions.

Trends in the use of new technologies (AI, robotics) that might have taken years to work through were quickly introduced. The resulting questions for the future are how many of these “old normal” jobs will come back, what will work look like for those whose jobs survive and which segments of society will stand to lose or gain in the process? From the initial ‘recovery’ during 2021 it is clear that the “old normal” is being further disrupted³⁶ – some employers demand full return to the office, some leave it up to the employees, some actively promote full home-working, but many (the precariat, public transport workers, food workers, shop workers etc.) have no option other than to return to work: indeed, the Office for National Statistics report that, despite the rhetoric, barely a quarter of workers worked from home during 2020³⁷.

A public service realm depleted by austerity

Another defining feature of the pre-Pandemic period under Neoliberalism was that, over 40 years, the public realm was increasingly turned over to privatisation and marketisation. New forms of organisation and financial instruments were introduced to deliver cost “efficiencies” and to reduce public spend outlays. Introducing the work organisation and management processes of the private sector changed the nature and ethos of work in the public service across healthcare, education, central and local government, as well as the public utilities³⁸.

This had a profound impact on the shape of work tasks and on terms and conditions. The state reduced itself to the role of assuring that market failures were rooted out and dealt with, and to the task of setting

³³ This label was first used by the US Bureau of Labour in the early 1980s to describe the way the attachment of people to jobs and of employers to their workers had begun to shift after the oil crisis of the mid-1970s. Put at its simplest, this involved the breaking down of traditional jobs to give way to part-time, short-term, low skill and low-attachment jobs of the classic internal labour markets of the major industrial enterprises. The arrival of the internet transformed its intensity. For an extensive history see Jan Lucassen (2021) *The Story of Work*. Yale University Press.

³⁴ Katz & Krueger, 2016: “The Rise and Nature of Alternative Work Arrangements in the United States, 1995-2015” <https://www.nber.org/papers/w22667>

³⁵ The main features of platform work are:

- paid work is organised through online platforms.
- three parties are involved: the online platform, the worker and the client.
- work is contracted out.
- jobs are broken down into tasks.
- services are provided on demand.

<https://www.eurofound.europa.eu/observatories/eurwork/industrial-relations-dictionary/platform-work>

³⁶ <https://www.ft.com/content/41f8dad9-2a17-4789-8203-f6f5683d447b>

³⁷ <https://www.theguardian.com/world/2021/may/17/home-working-doubled-during-uk-covid-pandemic-last-year-mostly-in-london> and <https://www.ons.gov.uk/releases/homeworkingintheuklabourmarket2020>

³⁸ In the UK case, the loss of public funds for health under austerity led to a private sector response that flowed through to how the pandemic was handled. We have emphasised elsewhere the path dependency (a marker for ongoing Neoliberalisation) that conditioned how the liberal centralist government of the UK dealt with Covid-19

a platform on which commercial business would best thrive. Ideas of public value and welfare gave way to private value creation and workfare in an era of market fundamentalism.

The public sector in this form arrived at the crisis point of the pandemic already short of resources and subject to rigorous cost control and “best value” procurement methods. Even those special protections accepted as the responsibility of the state (such as planning for emergencies and responding to epidemics and infections through public health) were not exempted from the privatisation and cost-cutting process. Jobs in the public sector under these pressures, while many in number, were generally at the low pay end of the spectrum and kept there by pay constraints³⁹.

The National Health Service (NHS), while more protected, had long experienced pay and grading struggles. Continuing staffing shortages had drawn in workers from all over the world to sustain the service. Social care was another major national source of employment where privatisation pressures had kept pay to national minimums. Local authorities had taken the brunt of austerity⁴⁰ with 40 percent cuts and a considerable shakeout of workers at all grades. Acceding to the short-run horizons of business methods also, as it turned out, had the dangerous effect of cropping *perceptions of risk and contingency planning* in the public service. The population was to pay dearly for this once the pandemic took hold⁴¹.

At the beginning of 2020, when Covid-19 introduced its huge demands on health and social care, there was an immediate need for the emaciated state and resource-deprived public services to come to the aid of the population in an emergency. The record of the early months in the US and the UK shone a glaring spotlight on just how far the commodification of the public realm had denuded the ability of the governments to identify and respond quickly to emergencies as the virus ran out of control⁴². The worst effects, as we came to identify later, fell yet again on that pool of low paid mostly public service workers already overlooked – many already living precarious lives. The state was quickly called upon to intervene directly in a way it had earlier directly opposed – but now faced with a public sphere where its traditional political stance in the “old normal” had removed many of the necessary tools⁴³.

Emergent new geographies of multiple disadvantage

The terms “left behind places” and the “Red Wall⁴⁴” had already become familiar before the pandemic. The election of 2019 saw the emergence of an electoral platform rooted in the sense of disillusionment felt by people in the old labour “heartlands” of the industrial north (echoing similar trends exploited by Trump in the US). In the UK, the data and a substantial debate in economic geography⁴⁵ pointed up the existence of spatially definable places of continuing disadvantage. The years of austerity had not been

³⁹ And in March 2021, as the health sector was offered a miserly pay ‘increase’ of 1% a Minister of Health argued that nurses (who had been at the forefront of emergency care with the other health staff) were “*well-paid for the job*”. <https://www.bbc.co.uk/news/uk-politics-56260038> It would seem that the Minister was too busy to watch the BBC series ‘Ambulance’ which starkly showed the traumatic experiences of health workers. To those who watched the programmes the Ministerial statement was unpleasant rhetoric. <https://www.bbc.co.uk/programmes/b09393rd>

⁴⁰ It must, however, be noted how local government did demonstrate ‘joined-up’ approaches to confront the impacts of the pandemic: <https://www.local.gov.uk/publications/build-back-local-building-back-better>

⁴¹ <https://www.prospectmagazine.co.uk/policy-money/the-nhs-has-faced-a-public-health-catastrophe-compounded-by-a-decade-of-cuts>

⁴² For an excellent expose of the chaos and incompetence, see: Jonathan Calvert and George Arbuthnott (2021): *Failure of State: The Inside Story of Britain’s Battle with Coronavirus*. Mudlark (Harper Collins)

⁴³ <https://www.economist.com/briefing/2021/03/06/covid-19-has-transformed-the-welfare-state-which-changes-will-endure>

⁴⁴ <https://yougov.co.uk/topics/politics/articles-reports/2021/05/17/stereotypical-image-red-wall-residents-accurate>

⁴⁵ <https://doi.org/10.1093/cjres/rsx024>

kind to these places – not least because of their high dependency on state welfare support and local authority services. The cuts here were deeper and bit harder.

The electorate in a significant number of places (largely outside the major cities) was persuaded that the source of the decline lay in the loss of the nation's economic and political sovereignty and the scale of EU immigration. The Brexit election of 2019 saw them switch allegiance from Labour to the Tory right and UKIP – the press tagging them as the Red Wall of lapsed Labour constituencies. This is an economic and political geography still very much with us as we look for the exit from the pandemic.

Over more than eighteen months, the pandemic has then served to worsen conditions in the nation's most deprived places - wherever they were to be found. Many were locked down for longer than most as rates of infection remained stubbornly high in "sticky reservoirs". Seeing the problem through an exclusively geographical lens and selecting them for "levelling up" treatment, can distract from the wider impacts both spatially and otherwise. There is a highly complex geography of disadvantage and precarity and it is perhaps *not most helpfully described in exclusively sectoral-spatial terms* (old industrial towns) and through geographical clichés of value to political sloganeers.

Factors such as low wages, unstable working conditions, health inequality, poor quality housing stock, poor spaces for living, closeness to feasible job opportunities and so on serve to "colour out" what is an extremely complicated national map of multiple deprivation. The pandemic illuminated some areas with a particularly sharp defining light as we pointed out in our earlier papers on the pandemic. Covid-19 widened the visible set of the deprived. The inner Boroughs of London, particular localities within all the major cities, the formerly prosperous airport towns of the outer South East and rural communities generally are less visible when data are mapped at regional or sub-regional level⁴⁶.

Mapping viral contagion opened the door to a more granular view and new features stood out. Across different geographies, the low skill, low pay end of the labour market in customer-facing jobs – many among the BAME population⁴⁷ – took an enormous hit during the pandemic. The places they live are not subject to easy to come by generalisations about place and prospects.

Tagging places in this way falls too easily into the hegemonic narrative where spatially defined problems for local people stem from "market failures". This leads on to *spatial fixes* that drive for more spend on infrastructure and local regeneration to fix the *market position of the blighted place* (Challenge Funds from the centre). In turn, this abstracts from an alternative discourse that a significant root of the problem is *systemic* and that a key issue lies with wages and working conditions in the contemporary labour market.

Information and governance systems inadequate to cope

It was not just that the state was ill-equipped to respond to the pandemic in practical terms. It was also that, despite being in the middle of an information revolution, the nation was largely *blind to key events in the key area of public health*. The data systems evolved to service the market economy offered little help. The most readily available public data at the necessary spatial scale was dedicated to enterprise and employment. It was aggregated into administrative geographies of little relevance to viral spread, and there was no information at a sufficiently granular spatial level to deal with a public health crisis.

⁴⁶ The August 1 "a high-profile Tory MP hit out at "intolerable" levels of hunger and poverty in his affluent home counties constituency, and urged ministers to abandon plans to cut universal credit". The views of the Tory MP for High Wycombe were of "constituencies like his who had been "tipped over the edge" financially by the pandemic". <https://www.theguardian.com/society/2021/aug/01/johnson-faces-rebellion-over-intolerable-hunger-and-poverty-in-home-counties>

⁴⁷ <https://www.ft.com/content/0e63541a-8b6d-4bec-8b59-b391bf44a492>

Neither the public health system nor the NHS, had the proper knowledge to respond effectively in the early months.

“Eye off the ball” does not begin to describe a position where governments of various hues had failed to grasp what a lack of good quality and timely population health data could do in the face of a pandemic⁴⁸. The hegemonic orthodoxy of the free market and the ideology of libertarianism together played a central role in the way both the UK and the US governments responded to the greatest crisis of our time. As we pointed out in our earlier paper, “*lookouts were stood down*”⁴⁹ as we sailed toward disaster.

Running blind, we were also faced with a situation where the existing system of governance was not configured to cope. A blog by Colin Talbot opens a window on the role played in the pandemic by the dysfunctional complexity of the governance system that had emerged piecemeal across the UK before Covid-19 arrived⁵⁰. The country was subject to a “*muddled governance of public services*” that combined a Union level government for the whole UK with an England-only one for many critical public services. Along with transport, police and education; health and social care was split across the four devolved domains – England, Scotland, Wales and Northern Ireland.

Preceding a national crisis that required a closely co-ordinated, focused and rapid response based on an agreed strategy; the design of the system of governance made unity of purpose and action much harder to achieve. Downstream within each of the four UK regions and variable within them, still further levels of patchy and incomplete devolution were in place allocating variable “tiers” of public administration to local government (some with mayors, some without). This made engagement at this critical level for pandemic management virtually impossible to achieve under pressure. In the event, as Talbot points out, it was “*Union-level decision-making that would in practice affect all parts of the UK and all levels of government*”. In governance as in other areas, the advent of the pandemic exposed starkly how features of the “old normal” played through as fault-lines were exaggerated under crisis conditions.

A Pandemic Still in Progress as Recovery is Sought

Early recovery confronting a shape-shifting labour market

Turning to the pandemic period, the first thing to be said is that it is very much still going on. In August 2021, we are still facing huge uncertainty about its future progression. We are still only in the embryonic stages of the recovery and the government furlough (job retention⁵¹) scheme is still very much in play at least to the end of September 2021⁵². At the same time, we know that many workers fell through the net of furlough having to look for support from the Benefits Agency, charities or their local communities⁵³. A significant share of the population is still not in a position to see recovery yet as a

⁴⁸ For a view from the inside of the SAGE advisory group and the scientists, when confronted with political expediency, see Farrar J. and Ahuja, A (2021) Spike. *The virus versus the People*. The inside story. Also <https://blogs.bmj.com/bmj/2021/08/12/martin-mckee-on-spike-the-virus-versus-the-people/>

⁴⁹ Not just in the area of health and social care https://www.politico.eu/article/boris-johnson-united-kingdom-social-care-plan-missing/?utm_source=pocket-newtab-global-en-GB, but systemically, as with no strategy for education <https://www.bbc.co.uk/news/education-57241471>

⁵⁰ <https://blogs.lse.ac.uk/politicsandpolicy/pvm-multi-level-governance/>

⁵¹ <https://www.gov.uk/government/collections/coronavirus-job-retention-scheme>

⁵² <https://www.gov.uk/government/publications/changes-to-the-coronavirus-job-retention-scheme>

⁵³ <https://neweconomics.org/2020/06/why-tackling-insecure-work-is-an-important-part-of-any-meaningful-recovery-from-crisis>

route out of their difficulties. Clearly, mass vaccination has raised hopes of better conditions, but, almost daily, evidence comes in that immunity may be partial or short-lived and hope gives way to concern. Under these conditions, nobody can be sure with any degree of confidence what things will look like going forward.

In Paper 7 of our Covid-19 series in January 2021, we captured what detail we could about what was happening in three critically affected business clusters; i) Airline, airport, travel, and tourism; ii) Consumer retail, food supply, household goods and associated logistics and; iii) Arts, culture, entertainment, performance and events, tourism and associated activities.. All three were at that time being profoundly impacted by the pandemic. In each, the arrival of Covid-19 had triggered a different array of responses. These involved a combination of measures ranging from total closure at one end to complete reconfiguration at the other. We listed what we could from the press reports at the time as stunned decision makers responded to unfolding events with an unprecedented level of acuity, ingenuity, competency, and a willingness to do hard things.

Eight months on, the popular story is one of recovery as the vaccination programme has suppressed the worst prospects to be expected from a third wave and as lock-downs have been lifted. Consumers have returned to spend; holiday seekers have taken to the air; clubs, pubs, theatres and events have opened up again. But it all remains partial and potentially fragile. We have seen GDP rise again from the 2020 depths. Airlines have returned to tourist destinations and domestic holidays now see crowded beaches and congested fells. But nobody believes we have come to the end of the event. Government is desperate to wind down its costly support schemes and businesses are looking to find ways to repair damaged finances. Adjustment to the new world is going on up and down the country.

As October approaches and the tapering of state support moves to the endgame for furlough, we still find ourselves with around a million workers dependent on the job retention scheme. There is little likelihood that the uptick of the economy will see them all reabsorbed into paid work. Accounts vary but it looks as if around half a million workers are expected to move into unemployment⁵⁴. The paradox is, of course, that while this is playing out, the economy is experiencing significant labour shortages in many of the fastest recovering activities. This is a point where Covid-19 is playing directly into Brexit and where many of the worker shortages are emerging in those activities where EU freedom of movement rules had a significant past role to play.

At this point in the progression of the pandemic, we are then seeing an increasingly dysfunctional labour market where rapid recent rises in demand have generated shortages at a time when a million workers are still living on state job support. There are even warnings of a return of “stagflation” as prices inflate and labour shortages impede growth⁵⁵. No doubt, when the first flush of new demand attenuates and when workers have to leave the security of furlough to look for employment, some adjustment will come. Frictional effects like this in the labour market are, however, more complex in reality than they are on simple graphs of supply and demand.

Many of the fast-emerging jobs on offer are at the lower end of the wage spectrum. The attributes of the job slots to be filled render many of them insecure (zero hours, short time, part time, unsocial hours and so on). Furlough, where it can be retained, may well be more attractive – at least until it tapers to the end. Many of the new jobs may also be in different locations that carry time and distance constraints

⁵⁴ The ONS suggested in July 2021 that when furlough finally unwinds completely some 400,000 will probably not go back to their jobs, while the New Economics Foundation estimates that “660,000 furloughed jobs are likely to still need the scheme when it ends in September”.

⁵⁵ <https://www.theguardian.com/business/2021/aug/23/uk-slow-growth-rising-prices-stagflation>

that were not there before (motorway hub warehouse pickers and packers versus round the corner shop retail). Many will require skills and certifications that may take time and be costly to acquire⁵⁶.

The change that arose quickly from the drive to apply new technologies may also have altered perspectives. Employers may want different kinds of workers while workers have shifted their view of what jobs they feel qualified for or would be willing to take if offered. For customer facing jobs generally, the experience of the pandemic will also have had a lingering impact on risk profiles. Those workers who witnessed the worst effects of all-too-easy contagion for themselves and their friends and families may be less than willing to re-join their old jobs while case rates remain high.

Inevitably, of course, the need to secure an income will (as it did for many in the worst of the pandemic) impact job choices. While we will continue to hear, as we did before the pandemic, about skills shortages pervading the better paid and more secure component of the labour market; structural and frictional mismatches will be something to be concerned about across the labour market as a whole.

At this stage, then, it is far too early to know what the UK economy and the sectors within it will look like in the future. Even at sector level, strategic planners and investors are faced with extreme uncertainty. There are, however, some broad underlying trends at the macro-level that it is worth taking the trouble to examine - even while the detail is in such a state of flux. The point in doing this is to *sense some early signals* about things to watch out for as the *transformation to the new* is under way. There may be things we need to guard against that could benefit from early intervention.

An intensifying pattern of polarisation

If there is one broad trend in the way these evolving labour market conditions cycle together, it is a disturbing one of *accelerated polarisation*. Good jobs have been retained or are being recovered in an improving context for the upper segment where the power exists to capture flexibilities for the employee in a positive way. Bad jobs, by contrast, have become more of a pathway to precarity and lack of resilience for those at the bottom of the stack - where flexible contracting is likely to expand⁵⁷. Overall, lockdown and recovery may have had the general effect of provoking a rapid increase in the more precarious jobs. It will be revealing to see how far wages and contract conditions respond as the relative bargaining power of labour increases in these activities if shortages continue.

Looking across these broad labour market trends in recovery, it is clear that while there has been a growth in the numbers of people in the lower paid retail, some hospitality sectors and in care, the long-standing *sectoral-spatial locus of disadvantage* has been deepened. As much as 40 percent of labour contracts may already have been on non-standard terms before the pandemic and this share will surely not have fallen. Another feature of the recovery is that women have done better than men. Many more gender-specific segments of the labour market have recovered fastest - especially where digital technology provides better services to increase the demand for them. At the same time, however, these improved services may require higher qualifications raising barriers for the less skilled still further⁵⁸.

With deeper penetration of the new technologies, the recovery will very likely see a demand for even greater employee flexibility than in past decades⁵⁹. The skills in demand will be changing sharply and in many cases hard to predict in advance. Recovery will present workers and their families with an even

⁵⁶ The situation for truck drivers is a case in point. <https://www.ft.com/content/5f832d86-827e-4596-999d-e0618364dbe3>

⁵⁷ <https://www.norden.org/en/news/women-benefit-digitalised-labour-market>

⁵⁸ <https://www.norden.org/en/news/women-benefit-digitalised-labour-market>

⁵⁹ <https://op.europa.eu/en/publication-detail/-/publication/0b7b42e5-9d94-11eb-b85c-01aa75ed71a1/language-en>

more intense climate of uncertainty than before and at a time when, for many, their resilience is at an unprecedented low point. This will help to feed anxiety and mental health issues. For those in the health and care sectors, we are hearing regular stories of ‘burn-out’⁶⁰.

Many workers who “traded down” in the labour market (to lower status jobs) during the crisis will find it hard to go back to their previous position and will have to stay or reposition themselves going forward. For those who saw the process of “trading down” crowd the out of jobs would have expected to get (particularly the young and the older unemployed) they will face joining a *longer unemployment queue*.

The problem will, however, not just be one for workers. There will have been a shakeout of more marginal businesses particularly in areas where the level of local consumer demand is a regular challenge for survival. The need to pay back debt and restore cash reserves will find many small employers cautious about re-opening. Yet more shopping centre voids tell the tale of the pandemic and lockdown in the depressed towns. The paradox of the moment is, however, that some employers and businesses will find it hard to recruit the employees they need⁶¹. A key question is whether better employment conditions will mark a short-term “bounce” or will be more sustainable⁶². Geography will be a critical variable. The labour shortages we are currently hearing so much about will be spatially highly variable between people and places.

Under these complex transformational conditions, the matching process that links workers with jobs will be coloured by a higher level of uncertainty on both sides. No one is sure what will happen next. Frictional unemployment will co-exist alongside skill and labour shortages as each side of the job matching process grapples with these unknowns: “*Who and when to hire*” and “*Which is the better job to take from those on offer?*”.

A more active state ill-configured to deal with complexity

In the early days of the pandemic, it was inevitable that nation states everywhere had to step up to intervene in the Covid-19 crisis. It was the locus of the first tool in the box to stop the rampant transnational and internal transmission of the virus. Re-bordering was enacted at speed with barriers to movement that would have been considered unthinkable beforehand, for example the almost total ‘closure’ of Australia⁶³, the considerable time overheads in border controls⁶⁴, contrasted with the views of scientists that border controls simply do not work⁶⁵. In effect, by government decree, the new boundary for mobility was set as people’s front door. Only the hyper-connectivity of the internet survived the shutdown with a world for economic and social interaction among those able to be active in it.

Outside the front door, ‘policing social space’, meant not just a dramatic re-writing of the terms of citizen freedom, but more an intensification of a regime in place. This sudden removal of freedoms was almost

⁶⁰ <https://www.ft.com/content/f2ace7d9-59ce-406c-9db6-a844e6806e05> and for the response of one business see <https://www.bbc.co.uk/news/business-58388796>

⁶¹ <https://www.economist.com/leaders/2021/05/22/what-to-do-about-a-labour-crunch>

⁶² <https://www.economist.com/special-report/2021/04/08/a-bright-future-for-the-world-of-work>

⁶³ <https://www.ft.com/content/8ebcfec8-8ba8-4183-8c3b-a14fcc1053be>

⁶⁴ <https://www.bbc.co.uk/news/business-56925877> and <https://www.dailymail.co.uk/news/article-9939783/Families-forced-queue-hours-Heathrow-border-control.html>

⁶⁵ <https://www.ft.com/content/3b7dba63-94da-4c36-b32b-5c81f5ddf513>

as cataclysmic as the pandemic itself⁶⁶ but, looking back, just how easily did we all become used to it?. Personal liberties were set aside in a way that challenged the entire constitutional democratic order⁶⁷.

While we grapple with the issues for health and the economy looking forward to recovery, we need to remember that in the political sphere the tectonic plates shifted violently. Some challenges to personal freedom may not simply disappear once the crisis ends.

In the realm of practical action at home, the pandemic quickly revealed that the UK government could not just leave it to the private sector and the marketplace. The dire history of private sector testing and track and trace will colour views on this subject for years to come. It was down to the State, the NHS, and the public purse and an army of largely low paid “key workers” to rescue the people from disaster. Short and long term, then, it fell to the much-maligned public sector to take the lead and for public service workers to step up.

Looking back at the policy process for handling the pandemic, a vital key was that Brexit was the dominant policy focus for the UK government. Success in capturing support for this had come from making complex issues simple for the electorate to grasp by using simple, clear messages like “*Take Back Control*” and its successor; “*Get Brexit Done*”. This had clearly worked well. The lesson to be taken for government action on the pandemic was to *be bold, make it simple and have central government assisted by the private sector get on with it*. The “*three podiums*” approach was a defining feature of the way government handled the Covid-19 crisis.

The instinct to *centralise and retain control* pervaded pandemic policy governance. Alongside this – at least at the outset - the tendency to turn first to the private sector for deliver practical solutions was maintained. In the beginning, the local authorities, the Directors of Public Health and the Third Sector often felt left out in the face of an emerging crisis “on their patch”⁶⁸.

Over time, however, it became obvious that some attempt should be made to join up policy and practice *horizontally* across departments of state, the private and third sectors, and *vertically* down the levels all the way to the local to where the contagion process was actually taking place. The scale and speed of what was happening at the outset could perhaps justify by-passing the complexity of the processes of governance, but it later became clear that the real need was to *mobilise the full array of regional and local actors*.

It is impossible at this point to imagine that the national state will not be required to have a powerful role in any new post-pandemic political formulation. The “small state” model was brutally exposed by Covid-19. Not least, going forward in a context of climate change, the state will be needed to take a leading role. One of the great uncertainties going forward is that this vital debate about future governance has hardly even begun as we look for the exit door to the pandemic.

We have suggested elsewhere that the government approach to the crisis was conditioned by “path dependency” and “group think”⁶⁹ and that it could not cope with the complexity of the event. The world

⁶⁶ <https://www.economist.com/briefing/2020/03/26/countries-are-using-apps-and-data-networks-to-keep-tabs-on-the-pandemic>

⁶⁷ <https://www.bbc.co.uk/news/technology-57122120>

⁶⁸ <https://www.lancs.live/news/lancashire-news/special-report-inside-blackburn-darwens-18629582>

⁶⁹ <https://www.cebm.net/covid-19/leadership-in-covid-19-the-dangers-of-groupthink-in-crisis-leadership/> and <https://www.theguardian.com/commentisfree/2021/jun/02/covid-mistakes-groupthink-government-dominic-cummings>

emerging in front of us will demand different. At the very least any government will need to work out how to acquire the “requisite variety” needed to cope with extreme complexity and fast change.

People and Places after the Pandemic: Some Strong Signals

Futures for capital; Futures for workers

Some of the changes we have been talking about are already “banked” and there is a high probability of conditioning the shape of things in the future – the *digital transformation* is, of course, the major example. Another strong signal is in the likely *future shape of work itself* under the Fourth Industrial Revolution. At the macro-level, perhaps a further signal is that finance capital in general is likely to continue forward being remarkably *unaffected by recent events*⁷⁰.

Global finance was rescued from the crash and not badly hit by the pandemic. There were significant gains in some areas while crisis unfolded⁷¹. The stock and bond markets were remarkably untouched, share prices saw no secular downturn and asset values in general increased. Without strong, internationally framed intervention to curb them, the giant global oligopolies⁷² continued to accrue wealth – as did their multibillionaire owners. Offshore private equity funds continued to thrive despite signs that the G20⁷³ was moving to deal with the issue of tax havens. There is little currently to suggest that these trends for capital will not broadly continue.

In sharp contrast with this, the legacy of the pandemic has been huge for workers and families. Coming on top of the damage already done by the financial crash with flat wages still not recovered from 2008, a substantial segment of the workforce was disconnected from their jobs by lockdown and contagion control policies⁷⁴. The furlough scheme was their (temporary) saviour. The impact has been strikingly unequal. Workers at the top of the scale with the capability to work from home were spared the worst impact while those in low paid jobs and customer-facing roles took the greatest hit⁷⁵.

As the pandemic recedes, the question will be just how many will be able to return to the active workforce⁷⁶. It has even been suggested that some 400,000 renters will lose their homes⁷⁷. One of the strongest signals is that, despite the emergence of localised labour shortages, unemployment will remain high and *young people and the over 50s in particular* will struggle to get a foothold. For these and other groups, slogans about “levelling up” have already been revealed as little more than political rhetoric when they pay no attention to structural considerations and what is happening in the world of work⁷⁸.

⁷⁰ <https://www.ft.com/content/9e7b2630-2f67-4923-aa76-0f240a80a9b3> and the flaws of capitalism were also exposed.

⁷¹ <https://www.ft.com/content/ca5fbc8a-61da-4585-9ca4-092255189497>

⁷² <https://www.versobooks.com/blogs/5006-new-hegemonies-streaming-platforms-and-music-production> and <https://www.economist.com/business/2021/02/27/the-new-rules-of-competition-in-the-technology-industry>

⁷³ <https://www.g20.org/the-digital-ministers-approves-a-declaration-identifying-12-actions-to-accelerate-the-digital-transition-of-the-economy-and-governments.html>

⁷⁴ https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_762547/lang--en/index.htm

⁷⁵ <https://www.theguardian.com/society/2020/nov/13/three-quarters-of-englands-care-workers-earn-below-real-living-wage>

⁷⁶ <https://www.bbc.co.uk/news/explainers-52135342> and <https://www.ft.com/content/d27173f3-19ba-4d9f-b37e-82bc526be72d>

⁷⁷ <https://www.bbc.co.uk/news/education-57262181>

⁷⁸ <https://www.ft.com/content/22c5a8ed-e5be-4616-a944-ba2550faea78> and <https://www.bbc.co.uk/news/business-56497095>

Before the pandemic, major job expansion was anticipated in technology-related employment opportunity and digital skills were going to become as important as those for language and maths. Some but not all, professional occupations, particularly in those requiring creative, digital, design and engineering skills were expected to grow as were professional specialisms like management analysts, training and development practitioners specialists and labour relations specialists. Potential skills gaps were forecast for green⁷⁹ and digital activities⁸⁰ with calls for active policy intervention to ease the transition⁸¹. More generally, the future was anticipated to need *more broad based knowledge and interpersonal* skills along with such “soft skills” as communication, leadership, problem solving, critical thinking, team working and so on. In the middle of 2021 this seems still to be a reasonable prospectus.

Forecasters before the pandemic were also, however, anticipating a general growth in public sector occupations in *education, healthcare, and in wider public service employment*. Post-pandemic, however, it remains to be seen, however, whether government will look to more austerity and a renewed programme of wage limitation and job cuts to restore its heavily depleted balances. There is an obvious imbalance between those generally “upper tier” private sector jobs we have just described as growing for the future and those - more accessible and widely dispersed - public sector jobs that a high proportion of the workforce depend on to support themselves and their communities.

No serious attempt at “levelling up” can afford to ignore what allowing this disparity to widen would contribute to the already unacceptable level polarisation and inequality in the UK.

“Uncertainties with opportunities” surrounding skills

Another strong signal looking into the future is that the skill base needed to drive the economy forward and to equip the population with what they need to participate to secure their livelihoods is, then, going to be subject to *fast-moving change*. The process of acceleration that the need to respond to Covid-19 engendered – particularly in response to the digital transformation – has raised the game still further.

At the moment we have an illustration of just how skill can quickly be “re-evaluated”. Shortages of labour in haulage are leading to empty supermarket shelves. The speed of the recent recovery in consumer spend combined with the shift to online purchasing has – on top of Brexit – brought into sharp focus this *labour market discontinuity*. Truck driving, pre-pandemic, featured an ageing domestic worker cohort, poor relative pay, unsocial hours and pressurised working conditions. EU employees had been drawn in under freedom of movement to accept the jobs on offer. Now the call is for truck driving to be a *special skill* deserving special consideration in the immigration context. If truck driving, then what else - as recovery finds holes in the availability of labour?

Matching the people and skills currently available to what business needs on a very short timescale will inevitably generate shortages⁸². As businesses are clearly finding, planning specifically to address this can be very challenging. Here the market will offer a guide and wages and conditions and the valuation of skill are clearly moving to address this in some sectors. Skill defined more broadly should be informed by these events but policy needs to be more strategic and dedicated to longer term social objectives.

⁷⁹ Such as the challenges of battery technology and sources of materials <https://www.ft.com/content/e88e00e3-0a0c-469a-986b-1ffda60b6aee>

⁸⁰ <https://www.ft.com/content/95e19e1d-06c5-4b9e-bcb2-c73e8fe67c77>

⁸¹ https://wecglobal.org/uploads/2021/06/WEC-Europe-Manifesto-2021_FINAL.pdf

⁸² Some of the issues will be about Regulations – truck drivers have to spend time and money to acquire the required certification.

Looking forward, the debate about skills needs to have a primary focus on those young people whose lives were so seriously blighted by Covid-19⁸³. In the technological sphere, we can already see that *hybrid skills* are going to be at a premium. Bringing together AI, Machine Learning and Human Intelligence is the way to go for a world where even Microsoft suggests that; “65 percent of students today will be doing jobs that currently do not exist⁸⁴”. The new technologies offer the opportunity to teach and learn differently as another bonus from the experience of COVID-19. This has presented us with a positive opportunity as the virus has provoked a move to transfer learning of all kinds into *online and blended forms*.

Communication skills – vital in a rapidly changing world – are also being comprehensively re-learned through association with the new technologies⁸⁵. Once again, the pandemic has taken us into new territory. People across the board have had to step up to use video conferencing, social media, blog, vlog and so on – not just the young. The world of publication has shifted sharply – what was the ‘grey’ literature has become the online source for following a fast-moving set of events forcing the slower publishing methodologies to respond (faster peer review turnaround times). The internet connectivity of the globe has had an upside in enabling us quickly to learn lessons from others. The virus has, then, led to innovative opportunities for us to grasp.

The more challenging the future - not just of work but of *good living* - the more important it is that from early years to adulthood, people should be encouraged and helped to acquire and continue to acquire more education, skills and competencies. *Lifelong learning* is essential to this - not just as an empty slogan - but as a practical policy mission. A McKinsey Report gives this its strong emphasis as a policy recommendation:

*“The old model of front-loading education early in life needs to give way to lifelong learning. Training and education can no longer end when workers are in their twenties and carry them through the decades”.*⁸⁶

Thinking out of the box is essential. Imagine, for example, that “*human-centred*”, “*environmentally sustainable*” and “*socially empathic*” were raised to the status of key design principles for education and skills training. Imagine that they were given the same order of importance in driving the system as being “*business-led*” has been since the Thatcher-Reagan era. We would be looking at work and employment from a very different philosophical starting point. Why not consider the post pandemic digital transformation as a golden opportunity⁸⁷ to design a *human-centred* future as well as an engine for personal and corporate wealth creation?

The skills people should have - or should be able realistically to aspire to – should be those with some meaning beyond the hope of a pay cheque in a local context where jobs are poor quality and wages are low. For future jobs under the digital transformation, an educated, flexible, and adaptable workforce ready to step up is going to be essential and people generally should be given the chance to defeat the

⁸³ We would refer readers to the idea of a “*gold standard*” for education seeking to enhance The creativity in young people Listen to Andreas Schleicher, the head of Education at OECD, talking about this issue https://www.youtube.com/watch?v=VRkf6pDEyA4&index=1&list=PL1zMD_kTXdixNKUnVq3Dk4ZXgUuZHWItP

⁸⁴ In itself a controversial claim: <https://www.bbc.co.uk/programmes/p053ln9f> and <https://www.iste.org/explore/ISTE-blog/Preparing-students-for-jobs-that-don%27t-exist>

⁸⁵ Gaming has emerged as a powerful means to support skill building for wider behavioural skills. People need to be put in a *convivial space to come together and learn together* to make a difference. Teachers need to be provided with the tools to add gaming and group communication skills to the curriculum. (Minecraft is an early exemplar of what can be achieved and enthusiastically adopted by young people as a game and learning tool).

⁸⁶ <https://www.mckinsey.com/featured-insights/future-of-work/the-future-of-work-in-america-people-and-places-today-and-tomorrow#>

⁸⁷ For example <https://www.ft.com/content/f35db8c6-a02f-11ea-b65d-489c67b0d85d>

doom-mongers' views of their prospects. This demands more than employment-centred efforts – seeking to expand the wider capabilities and capacities of all the people to make something of their lives (regardless of the job or caring role they currently occupy).

Tackling the backlog of pandemic-induced need with stretched public finances

The problems for the Treasury going forward are hugely daunting. Interest rates remain at unprecedented low levels and Quantitative Easing (QE) is still in play from the Bank of England. The housing boom continues on the back of easy access to finance. But suggestions that inflation is now on the rise alongside short term labour constraints and supply bottlenecks may argue that fiscal conservatism be restored. The debate between the Prime Minister and the Chancellor about this is yet to be resolved

Even as we begin to grasp the emerging financial situation, another thing is clear about the public services⁸⁸. *The pressure of need on services to the public will continue to be extreme*. There is a backlog waiting list for the NHS of over 5 million operations⁸⁹. There is, also, no clear plan properly to finance social care⁹⁰. Local authority finances are already pared to the bone at a time when, particularly in the so-called “left-behind” places, demand is at an all-time high. The list goes on.

The strong signal here is that, outside the sphere of capital and finance, *the residual impact of a decade of austerity and a pandemic on the working population and on the public services they depend on will probably continue to be huge and under-funded*. Waiting for a market-oriented economy on the terms of the “old normal” to recover its profitability and then go on to provide wages and services sufficient to provide what will be needed is a pipedream.

One way or another, *state intervention at least on the scale of furlough* is going to be needed to repair broken and overwhelmed public services, to provide living incomes for the poorest and opportunities for the young. The restoration of public services would, of course, open up a *potentially massive pool of jobs* for a workforce urgently needing employment. It will not surely be acceptable under these conditions for capital to continue to retreat from labour to concentrate on asset building in the way it has been doing since 2008.

Sadly, however, the strongest signal from government is that it will go in the opposite direction⁹¹. Capped and below inflation pay rises for care sector workers and the withdrawal of the Covid-19 supplement for welfare benefits maps out a clear direction of travel toward yet more public sector austerity.

There is no easy route to be found here from classical public finance policy. What is surely needed is a latter-day *New Deal* (one far beyond HS2 trains⁹² and local infrastructure projects and bid and challenge

⁸⁸ The label “public services” rather than public sector is used since so much of what used to be the “public sector” has already been contracted out to private sector providers – in social care for example.

⁸⁹ <https://www.economist.com/britain/2021/07/10/the-mystery-at-the-heart-of-the-national-health-service>

⁹⁰ See the most recent paper and blog in this series.

⁹¹ <https://www.ft.com/content/9d3e785e-4298-44a6-8252-db72047ac4cf>

⁹² Indeed, there are indications that HS2 is increasingly regarded as an expensive white elephant, with expectations at the end of August 2021 that the branch to Leeds will be abandoned. The Daily Telegraph argues that HS2 is of little relevance the levelling up the Red Wall <https://www.telegraph.co.uk/business/2021/08/26/sunak-right-put-brakes-hs2-white-elephant/> which is a view seemingly at odds with regional leaders <https://www.newcivilengineer.com/latest/northern-leaders-call-for-full-hs2-route-to-be-built-27-08-2021/>

packets of regeneration funds) on the equivalent scale of the Biden recovery package agreed in the USA⁹³.

A new kind of space economy emerging

We have just looked at the future through the lens of economics and politics. Sitting behind this is another system change – one that grew in scale and speed during the years of austerity and the pandemic. *New spatial forms of production* facilitated by the internet were emerging before 2020, but the need under the pandemic to overcome physical proximity and physical distance over which people could safely interact with each other was something entirely unforeseen.

This “basal shift” shook the world. Airlines ceased operations, trains stopped running, cities emptied, theatres went dark, restaurants closed. Thanks to the digital technologies, however, ways were found to keep interactions going across cyberspace. We survived. Covid-19 saw the *very essence of distance and movement* in both economy and society changed in unimaginable ways.

What existed before was a system that, over centuries, revealed an increasing tendency toward *time-space compression*. Urbanisation lay at the fulcrum of this. People coming together in large numbers and interacting intensely with each other for their different purposes shaped how the space economy took its form. The cost of overcoming physical distance was a primary shaping tool as movement and supply lines were differentially sensitive to distance costs. The central agglomerations provided the locus for the release of creative energy and for the innovations that drove those sequential waves of innovation that characterised the industrial and modern eras. People were drawn into congested cities in large numbers looking for opportunity in a massive wave of global urbanisation..

The pandemic of 2020 caused all this intense human interaction to come virtually to a stop – stumbling on through periods of lockdown. The global population was confronted by something humanity had to find a means to combat. Significantly and fortunately, the pandemic event coincided with a digital and information revolution that already had the power profoundly to alter space and distance. There had long been speculation about what impact the new digital technologies might have in a context where “time annihilates space”⁹⁴. We found ourselves in 2020 working through a giant real-time experiment on just what this might mean.

The story is well known. The pandemic widened the already open door to a whole new way of visualising and utilising the space economy. Online shopping transformed the retail environment. Zoom, Skype, Teams and other remote communication technologies provided off-the-shelf, and much needed communication solutions, bringing in their wake a variety of associated business opportunities from video conferencing to content and steaming. 3D manufacturing came into its own as demand soared for making digitally manufactured goods remotely. AI, robotics, and fast network connections provided opportunities for re-engineered and new enterprises at a variety of new kinds of locations. The need to “think network” was added to “think place”.

The strong signal here is that a range of *different locational choices* has opened up for existing and new ventures. This came from a situation where, from a technical viewpoint at least, office-based services could be carried out anywhere and product delivered to wherever demand was to be found. The fully occupied office along with the crowded bus, or train carriage saw a reason for not coming back in the

⁹³ <https://www.whitehouse.gov/briefing-room/statements-releases/2021/06/24/fact-sheet-president-biden-announces-support-for-the-bipartisan-infrastructure-framework/>

⁹⁴ <https://www.theatlantic.com/technology/archive/2012/02/time-and-space-has-been-completely-annihilated/253103/>

form they had before Covid-19⁹⁵ ⁹⁶. Some people had their locational choices drastically opened. If they could work from home, where then might home turn out to be? People widely acquired transformational options to shop from home or to be entertained largely at home or to live in very different places.

People do not need then – again from a technological-functional point of view – to be so “pressed together” as they were in the past. That many of them will continue to do so will be for more complex reasons than simply having to commute to work or go to a particular central venue for entertainment. Of course, people will choose to come together for social, cultural, and recreational purposes but the set of choices of where work can be carried out, entertainment provided, or goods purchased⁹⁷ has been so drastically changed in the pandemic that there will be no full turning back.

All sorts of possibilities may flow from this that we can still only guess at. At the simplest level, there is a strong signal that towns and cities will see some sort of *change in their form and function*⁹⁸. There is a strong signal that the *use of space* generally *will be transformed* – both in terms of movement flows and in terms of how and where land is valued and utilised. In new rounds of investment as the economic regime recovers itself, concentration has at least the possibility to give way to more dispersed forms. Old ideas of infrastructure based on fast transit between compressed and concentrated nodes may well see a profound shake-up. At the very least, the *space economy will be in flux* for some time to come.

Conclusion

A Turning Point for the Post-1980s Economic Discourse?

Since the late 1970s, the UK and the US (in particular) had seen the de facto organisers of the economy (finance), and the elected governments (politicians in power), come together around a broadly agreed discourse: that the market economy was the touchstone around which life and society should be organised⁹⁹. The commodification of everything over a 40-year span penetrated every corner of economy and society through the process described in the literature as Neoliberalisation¹⁰⁰. Successful in creating wealth, the system turned out to be less effective in terms of distribution, with a tendency to produce and exaggerate inequality¹⁰¹. The state under the hegemonic system was to be kept small and dedicated largely to creating conditions for the market economy to thrive.

Covid-19 arrived at a time when there was already a growing national and international debate about the long hegemony of orthodox economics and Neoliberalism (Harvey, 2007) (Peck, 2010). The imbalances in equity and wealth that seemed to accompany it were becoming ever more evident. It

⁹⁵ <https://www.ft.com/content/c8e5ef21-007c-45d7-89ff-dfcb064b4a04>

⁹⁶ <https://www.bbc.co.uk/news/business-57176858>

⁹⁷ <https://www.ft.com/content/784dbd8d-2d3f-477a-be1e-68ac2085ee5e>

⁹⁸ <https://www.ft.com/content/952df035-d857-4c65-a91f-c33157eb0c14> and <https://www.centreforcities.org/publication/building-back-better-how-to-recover-from-covid-19/>

⁹⁹ Variations emerged over time as governments came and went but the central thesis of the overall way the system worked was not challenged by the parties in power. For example, after being a party of ‘spending’ during the pandemic, the UK Tory government is looking to return to ‘fiscal conservatism’ <https://www.ft.com/content/4e7a8fc1-f505-4545-9c2e-b9e9bcfc0aaa>

¹⁰⁰ <https://en.wikipedia.org/wiki/Neoliberalism>

¹⁰¹ <https://theecologist.org/2020/may/19/mutual-aid-global-solidarity-and-techno-fixes> and <https://www.newstatesman.com/international/2020/04/why-crisis-turning-point-history>

provoked Thomas Picketty (2017, 2019) to begin a multi-volume series on inequality and had widely stimulated a re-reading of Polanyi's seminal work *The Great Transformation* (1944).

Polanyi accepted that the market system did indeed have immense value in creating wealth, but that its excesses and failures in the area of distribution needed to be constrained in the interests of social cohesion. Although this work was published in 1944, post-crash commentators were beginning to see in it an important contemporary message about the profound damage to society that can arise from conceding too much to unchallenged free markets.

The financial crash of 2008 was an existential crisis for Neoliberalism. The need to shore up a collapsing banking system demanded a drastic response. For the UK, it was *austerity* that - along with monetary, banking regulation and finance measures – was the chosen path. The banking, finance and credit base was to be shored up and revived while the public purse paid the bill,

When the pandemic arrived, the national finances were still stretched and the resources needed for governments to tackle the crisis and repair and maintain austerity-depleted public services was inevitably allocated chiefly to the job support programme. Meanwhile, other public expenditure was (and still is) subjected to ceilings and progressive cuts.

As the crisis unfolded, one-off funds were widely deployed to cope with the special circumstances of the pandemic crisis itself across all these areas but the “root conditions” of poor quality services and low pay were to set a low starting baseline. Once again, the “old normal” is not something the public services sector and its workers would want to go back to.

For a growing share of the electorate, the realisation was dawning before 2020 that the system was not giving them what they needed and political opportunists were responding. By tagging this restlessness in the electorate to the effects of globalisation, to EU membership and to “outsider” influence generally; the ballot box was to see the rise of the Brexit faction and the election of a Tory government headed by Boris Johnson. A right-wing Brexit discourse for reducing inward migration, promoting economic nationalism, pursuing fiscal conservatism, and maintaining a prejudice against public expenditure to favour the “wealth creators” was the political focus for a liberal free market system of government.

The intense shock of the pandemic was, however, to see this approach run headlong into a need for governments intervene directly, to restrict individual and business freedoms and to spend eyewatering amounts from the public purse. Events forced the government to do things the established hegemonic model had never anticipated and there are suggestions that we are already seeing a new variant of capitalism in the making¹⁰².

At the point of departure for the pandemic, the UK was not, then, in a good place. It seemed that the shape of the Neoliberal system for the accumulation and distribution of value had shifted to create increasingly troubling levels of inequality. Profits were finding their way into fewer and fewer hands, while a growing share of the population was being committed to more precarious living. Productivity remained low and innovation was faltering. The dice for the worst risks of Covid-19 appeared loaded on class lines (we documented this at length in our earlier Covid-19 series of papers).

When things settle down, will there be a shift in the willingness of the electorate to overlook having been exposed to the downside risks of a system that can commit increasing numbers to a condition of precarity while financial interests thrive? Will the nakedness of the public realm when the pandemic

¹⁰² <https://www.theguardian.com/commentisfree/2021/jul/30/pandemic-new-variant-of-capitalism-spending-covid-state>

arrived be forgotten? Will ideas about how to protect societies against extreme risks (pandemics and climate change) alter the nature of the debate¹⁰³ about how the nation should go forward?

After the financial crash and the pandemic, we face a future of multiple inter-locking crises with structures and belief systems built from the imperative to serve the needs of the free market. This, chimes in with what Picketty (2019¹⁰⁴) went to great lengths to warn about. The truly extreme scale of inequality that the last 40 years had seen the social democratic parties of the centre fail to cope, The pandemic was a wake up call on so many levels.

Mark Carney in his recent Reith lectures urged us to begin a wide debate on a new politics starting with the question of “*what we value*”¹⁰⁵. What can be done in recovery should be set not just against a context of fast-rising inequality but crucially about tipping points in relation to climate change. Perhaps 1944 is the precedent. We need a re-thinking of what sort of society we aim to be through applying the sort of creativity the immediate post-war generation took on board and, more importantly, turned into practical action.

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¹⁰³ For example, dramatically altering our habits of low fare air travel in spite of its extensive emissions: <https://press.which.co.uk/whichpressreleases/costing-the-earth-environmentally-conscious-travellers-face-paying-around-50-more-to-travel-by-train-than-plane/>

¹⁰⁴ <https://www.hup.harvard.edu/catalog.php?isbn=9780674979857>

¹⁰⁵ <https://www.bbc.co.uk/programmes/m000py8t>

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