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Analysis of the Chancellor's **'Plan for Jobs'** announcement:

The next step towards economic recovery from covid-19



Rt Hon David Laws,
GK Associate and former Cabinet Minister

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"No wonder the Chancellor of the Exchequer is one of the most popular politicians in Britain. Anyone expecting the tapering away of the hugely expensive Furlough Scheme to be followed by a period of austerity would have been surprised today.

"Much that has already been leaked was in the Chancellor's Statement – a time limited cut in Stamp Duty on homes; work subsidies for jobs for young people and for traineeships and apprenticeships; more money for careers advice, green investment in homes and for the Department for Work and Pensions. But there were some expensive additional pledges: a 15% cut in VAT on the hospitality sector; £1,000 per person bonuses for retained furlough workers; and – to cap it all – the government will pay as much of 50% of the costs of eating out in August!

"What can one make of this package? Well, firstly, it's obvious that traditional Conservative free market ideology remains very much on the backburner. The "Kickstart scheme" looks very much like an old Labour Government initiative that was chopped by the Coalition Government in 2010 for being "too wasteful". And even Jeremy Corbyn has never advocated government paying 50% of the costs of eating out! The government is clearly very worried about a big surge in unemployment, as education leavers look for jobs and as the Furlough scheme winds down. Today's measures are aimed at young people and many of the economic sectors most battered by the COVID shutdown – to this extent they look well targeted, and should cushion the impact of existing job protection schemes being tapered away.

"And there will be further opportunities for economic activism in the Autumn, with a Budget and Spending Review due to be unveiled then.

"This Statement will be well received, but the economy's future, and the chances of keeping the rise in unemployment within reasonable bounds depend critically on two issues which are less easy for the Chancellor to fix. Firstly, will there be a second, significant, wave of the pandemic over the Autumn and Winter? If so, the economic shock could make today's measures look like sticking plaster. And secondly, will the government pull off a good deal over Brexit, and manage to avoid serious damage to the economy as we head into 2021?

"The Chancellor has done a good job since March, and his package today will win more praise. The extent to which he used the word "I" rather than "We" in today's Statement, along with his Gordon Brown-like name-checking of favoured Secretaries of State, indicates perhaps how he sees himself in this government, and what his future ambitions might be. Boris Johnson might sensibly sleep a little less easily in his bed tonight.

"But both men will know, however, that there is a long way to go before Britain has successfully been navigated through this unprecedented economic crisis."

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ground floor,
32-34 great peter st,
westminster,
london sw1p 2db

020 7340 1150

