

COVID-19: How Many are Really Unemployed and how Many British Companies are Going Bust

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The total amount of people who are unemployed right now seems to something of a closely guarded secret as is the amount of financial support that is really being dished out by the government. I suspect this has something to do with the appalling global ranking of Britain place in the COVID-19 death toll.

In 2019, an employment record was reached when the ONS [published](#) its report and declared that 32.54 million were in employment in Britain.

ONS head of labour market David Freeman said: “The number of people working grew again, with the share of the population in work now the highest on record. Meanwhile, the share of the workforce looking for work and unable to find it remains at its lowest for over 40 years, helped by a record number of job vacancies.”

The number of ‘economically inactive’ people ie long-term sick leave, students, and people who had given up looking for a job also rose to a new record of 8.6 million.

Of course, this 32.5 million included everyone in part-time jobs which was recorded as more than one hour per week, nearly a million on zero-hours contracts and we simply don’t know how many are self-employed because they were unable to find meaningful full-time work.

According to Rishi Sunak’s [announcement on furloughed employees](#) two days ago, there are around 7.5 million jobs on the scheme already. This also represents nearly one million companies.

It is sad to say, we have no idea how many will keep their jobs – and on what terms or how many will remain unemployed.

The [Federation of Self-Employed and Small Business](#) (FSB) has calculated through a survey of 5000 members that one-third of businesses may never open their doors for business again. The average size of their membership in terms of employees for this survey was not disclosed.



Prior to the COVID-19 crisis we know that around one million people were unemployed and claiming benefits. We also know that a further 1.6 million have applied for benefits and claiming unemployment with an additional 7.5 million on the furlough scheme.

Right now, we know there are over 10 million people – around one-third of the entire workforce are out of work due largely to the COVID-19 crisis. It is hard to come up with any conclusion, for when the crisis is over, that at least three million will be registered unemployed. What a catastrophe for those people and well over one million British households.

The cost to the state this year alone is calculated by the treasury to be something in the order of £330 billion – but that assumes a best-case scenario. Looking at these figures, which would include losses of revenue to the treasury, it is difficult to be that optimistic. The sum is far more likely to reach half a trillion in this tax year alone.

A [leaked document](#) published in The Telegraph (May 12th) –

“estimates that it will cost the Exchequer almost £300 billion this year and could require measures including an increase in income tax, the end of the triple lock on state pension increases and a two-year public sector pay freeze. The Telegraph can reveal that a Treasury document drawn up for Rishi Sunak, the Chancellor, sets out a proposed “policy package” of tax increases and spending reductions which may have to be announced within weeks in order to “enhance credibility and boost investor confidence” in the British economy.”

I doubt this is a ‘leaked’ document but more a purposeful media stunt to test the public appetite for what the Tories have in mind. It’s ironic that key workers will be targeted once again, just as they were after the bank-led financial crisis of 2008.

A debt of nearly £1.2 trillion over ten years is anticipated in this report. This confirms that there will be no ‘V’ shaped return to the economy and the best we could expect is

somewhere between an 'L' (which would be truly awful) and a 'U' shaped return. One can only hope that 'U' doesn't take too long.

Tax rises of £30bn a year are being considered but that will never bring the national debt down. Only inflation over the decades will be able to do that.

When all said and done, it is challenging to look at these numbers and not conclude that Britain's finances, like many other countries, will resemble something like emerging from the rubble of 1945 when drastic austerity measures were imposed. In those days, people's expectations of government was not so high and the government knew they had no choice but allow extreme capitalism to make way for social democracy where health, education and housing were put in the front lines of rebuilding the nation, which worked. That debt was largely repaid by inflation in the 40s and 50s and especially in the 1970s to the early 1990s when inflation reached nearly 25 per cent.

In 1976 the UK was forced to go to the [IMF for a bailout](#) as many investors feared the effects of inflation. The reason - unsustainable public sector borrowing.

The stakes are now very high.

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