Job (In)Security: Why Did More People Feel Insecure About Their Jobs During the COVID-19 Pandemic?

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Figure 1: Man being fired

Job (in)security and COVID-19

Job security is a defining factor in one's standard of living and quality of life. However, it was thrown into jeopardy with the COVID-19 pandemic in early 2020, where workers were infected, isolated and locked out from the economy (Moreira and Hick, 2021: 263). But the struggle to maintain employment for workers alone does not explain the duress that many faced during the pandemic. Rather, job insecurity endured, and the government responses to it are deeply intertwined with the supremacy of finance within neoliberal governance, which has dominated states, markets and societies both during and after the pandemic.

This paper will analyse the UK and Australia as case studies of developed countries with extensive fiscal support measures put in place and similarly neoliberal governments. Together, their experiences during the pandemic are demonstrable of the fiscal responses to the lockdowns and global shutdown that became focal points of many people's experiences of the COVID-19 pandemic. In the UK, an estimate of at least £310 billion was spent on support measures, including the Coronavirus Job Retention Scheme (CJRS) for households and various grants, guaranteed loans and tax concessions for businesses (Brien and Keep, 2022; Pope and Hourston, 2022). Similar measures were undertaken by the Australian government, with the JobKeeper Scheme drawing a particular likeness to the CJRS, and they spent $291 billion up to May 2021 (Treasury, 2021; Watson and Buckingham, 2023).

These responses depended on national financial instruments to maintain livelihoods and jobs, and for mechanisms to ensure the wellbeing of individuals, firms and the economy through lockdowns. However, those same instruments exacerbated vulnerabilities for everyone partaking in those systems through greater indebtedness, compromised welfare policies, less secure housing and unjust globalisation. The failures and drawbacks identified in this paper raise doubt as to whether deeply financialised economies adequately allow governments to support their citizens in their everyday lives, or whether these governments, instead, leave them vulnerable in crises such as global pandemics.

Financialisation and neoliberalism

Financialisation refers to ‘the increasing importance of finance, financial markets, and financial institutions to the workings of the economy’ (Gouzoulis and Galanis, 2021: 1328). It encompasses trends of shifting profits from workers’ wages to dividends, a policy obsession with growth in returns on investment, the growing influence of the particular capital associated with banks, bonds and shares over global political systems, and is key to the global shift from ‘stakeholder’ forms of capitalism to ‘shareholder’ or ‘investor’ capitalism (Freeman *et al.*, 2007). The product of these phenomena has been growing inequality characterised by a distinct neglect of workers’ needs in the economy and a fetishisation of capital accumulation and the profits of firms within the private and public sectors.

Financialisation is one aspect of the wider shift to neoliberalism as the hegemonic form of thought in governments and policymaking, as opposed to the more interventionist forms of liberalism, which dominated state economic policy until the late 1970s (Boyle *et al.*, 2023: 35). The UK and Australia are representative of many developed countries, whose fiscal policy positions show consistent evidence of aligning with the interests and outcomes of financial markets (Shafiullah *et al.*, 2022). Even the health systems in these countries faced years of underfunding, privatisation and marketisation, and displayed problems even before the pandemic (Gouzoulis and Galanis, 2021: 1330; Moreira and Hick, 2021: 270).

Financialised economies as crisis multipliers

Amid the global shift from industrial to financial capitalism, the importance of employment has surged, leaving jobless individuals economically more vulnerable. This shift towards financialised global consumption has fostered a culture of credit utilisation to sustain one’s standard of living. Credit cards have proliferated in everyday life, often becoming essential tools for managing expenses. The driving force behind this debt-driven lifestyle is the neoliberal finance-led growth model of late-stage capitalism (Crouch, 2009). While this approach amplifies the purchasing power of individuals and businesses, the COVID-19 crisis unveiled the fragility of this system. During the pandemic, lockdowns caused prices to surge. In the UK, the initial lockdowns jeopardised 7.6 million jobs, equivalent to 24 per cent of the workforce, with similar impacts in Australia (Allas *et al.*, 2020). A considerable number of individuals found themselves grappling with not only the imperative need to meet their daily essential consumption requirements but also the added burden of servicing substantial debts while experiencing a reduction in income. These combined pressures have contributed significantly to a heightened sense of job insecurity among a substantial portion of the population in the midst of the pandemic. Financialisation transformed what might have been an individualised strain on consumption and employment into a national crisis. The widespread risk of individuals being unable to meet their debt obligations had broader repercussions for the overall economies of the UK and Australia. Financialisation has reshaped individuals’ daily consumption patterns, increasing economic volatility and fragility, and intensifying job insecurity for many. This shift underscores the intricate interplay between heavy debt, low employment rates and the vulnerability of contemporary economies, particularly in the face of unexpected crises.

Due to the vulnerable nature of the system, there was an urgent need for fiscal and monetary policies in response to the COVID-19 pandemic. While the UK and Australia implemented fiscal responses that offered relief, the deeply financialised economy and the influence of neoliberal ideology on policymaking constrained their ability to enact more comprehensive measures. Notably, both the CJRS in the UK and the JobKeeper scheme in Australia distributed significant funds during the pandemic, but these initiatives relied heavily on the financial sector for borrowing and distributing stimulus funds (Chen and Langwasser, 2021; Pope and Hourston, 2022). A significant portion of the funds allocated for these schemes ended up benefitting businesses that did not utilise them to support their employees but rather opted to boost profits, distribute dividends or engage in share buybacks (Conifer, 2021; HM Revenue and Customs, 2022). Ewan McGaughey (2020) also underscores the absence of employment protections or worker participation in the scheme, which allowed employers to lay off workers despite receiving subsidies. Additionally, evidence indicates that the stimulus timing and nature in developed countries were significantly influenced by the health of the stock and bond markets, ultimately leading to the failure of massive subsidies to prevent widespread job insecurity (Shafiullah *et al.*, 2022).

The monetary responses implemented during the COVID period, such as quantitative easing, primarily influenced asset prices in the financial market and provided support to asset-rich individuals, with limited impact on those who depend on a monthly salary, often referred to as the asset-poor. Nevertheless, it is essential to recognise that the budget deficit resulting from these monetary policies may ultimately lead to changes in tax rates, thereby affecting the income of taxpayers in the asset-poor category. The negative impact on the asset-poor can also be seen in housing and rental markets during and after the pandemic.

Given the inherently financial nature of the capitalist economy, it is rational for governments to prioritise mortgage repayments and the financially oriented housing market over renters and the less financially oriented rental market. This strategic focus is driven by the recognition that elevated levels of mortgage defaults can significantly impact bank liquidity, potentially precipitating a banking crisis, as exemplified by the dire consequences observed during the 2008 global financial crisis. Despite a moratorium on private evictions for the rental market, renters were still struggling to pay their bills, with almost one in six tenants in arrears in May 2020 (Cobbold, 2020) and facing an ‘evictions crisis’ in the UK (Blakeley, 2020). On the other hand, British houses increased in value by an average of 10.2 per cent between March 2020 and March 2021 (Cobbold, 2020), and Australian house values soared to 8.5 times median household incomes by the end of 2021 (ANZ, 2021). Mortgaged households suffered in spite of intentional assistance, and renters struggled with lethargic government intervention during a time when most people were experiencing uncertainty regarding their jobs and incomes. These responses, influenced by financialisation, reflect indirect support from governments, which prioritised providing liquidity to individuals and markets rather than directly addressing people’s pandemic-related needs. (Wilkins *et al.*, 2021: 16). The rise of financialisation has exacerbated inequalities, resulting in greater financial insecurity for individuals with fewer assets. This has left many of them struggling to cover rent and feeling uncertain about their job security, especially during the COVID-19 pandemic.

The COVID-19 pandemic not only worsened inequalities within countries, but also disrupted global financial markets, reinforcing the core-periphery divide, leaving developing nations more susceptible to the pandemic’s effects (Sokol and Pataccini, 2020). Emerging market economies have a limited share of global securities compared to developed countries, and during the pandemic, international investments shifted from emerging markets to safer, more profitable options in advanced economies. Financialisation, promoting capital liberalisation and arbitrage profits unrelated to surplus value creation, plays a pivotal role in these dynamics (Lysandrou and Ranjbaran, 2021), leaving 'periphery' economies to struggle with limited fiscal stimulus capacity, resulting in heightened job insecurity and increased suffering among the population.

Stocks instead of jobs

While the measures implemented in the UK and Australia both supported job security, those policies exhibited a highly business and finance-centric approach in terms of their goals with the stimulus and the nature of their implementation. Despite first appearing as a dramatic return for Keynseian approaches to state policy, the everyday experiences of those enduring the COVID-19 crisis expose the way that finance dominates welfare and wellbeing.

Future research should continue to examine the way that financialisation has shifted, limited and expanded policy space for governments to support job security in times of crisis, but it should also consider the ways that policies in a financialised economy impact the wellbeing of people and not just investments. Additionally, the experiences of everyday people examined here reinforces the neglected benefits of government interventions, not only in responding to crises in more direct ways, but also in building a nation better equipped and adapted to withstanding such crises in the first place.

List of figures

Figure 1: Man being fired. King, R. (2020),available at https://www.istockphoto.com/photo/asian-man-being-fired-gm1215893878-354320113?phrase=unemployment, accessed 27 April 2023.

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