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Common shock, different paths? Comparing social policy responses to COVID-19 in the UK and Ireland

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[Correction added on 22 December 2020 after its first online publication. Some text in the second paragraph of Section 5 was inadvertently deleted and was reinstated in this current version.]

Abstract

The UK and Ireland responded to the rapid health and economic impacts of COVID-19 by supporting incomes through job retention and job loss instruments, However distinct policy legacies, political and institutional differences between the two countries mean critical differences in both the nature and the relative weight placed on these instruments. The UK income support package was announced in one go and centred on a generous, newly created Job Retention Scheme as well as an enhanced Universal Credit for people who became unemployed. Ireland, by contrast, created a new, more generous social security payment, the Pandemic Unemployment Payment, while a less prominent job retention scheme followed a week later. These initial decisions generated distinct policy dilemmas during a second round of policy changes, in which Ireland sought to reintegrate the more generous Pandemic Unemployment Payment into the mainstream welfare system, while UK sought to ensure that the Job Retention Scheme was only supporting retained (or "viable") jobs. A second wave of infections in October 2020, requiring new restrictions, led both nations to make substantial retreats from resolving these core policy dilemmas.

KEYWORDS

coronavirus, job retention, social protection and security, universal credit, wage subsidy, welfare politics

1 | INTRODUCTION

The coronavirus pandemic struck the UK and Ireland at a time when relations between the two countries had been dominated by the exit of the UK from the European Union. The first confirmed cases of COVID-19 in the UK were reported on January 31, the very day the country exited the Union. The first case in the Republic of Ireland was not registered until February 29.

March saw the progressive locking-down of both countries, with stay-at-home orders issued by UK Prime Minister Boris Johnson on March 24 and by then Taoiseach (Prime Minister) Leo Varadkar on March 27. In both countries, as elsewhere, the government had to respond, in rapid succession, to the health and economic shocks associated with the Coronavirus pandemic and the need for people to remain at home to prevent the spread of the disease. The speed of events was thus crucial; so too was the need for a policy response that catered for the broad cross-section of workers, including middle-income earners, for whom work had ceased.

In this article, we examine policies to support family incomes in response to the Coronavirus pandemic in the UK and Ireland over the initial stages of the crisis—from its onset in March until the end of October 2020, when new restrictions were introduced in both countries in response to a second wave of infections. The UK and Ireland responded to these rapid health and economic shocks by relying on instruments to support incomes in cases of job retention and job loss, but they differed both in the nature of these instruments and in the relative weight they placed on the different elements of the policy response. These initial decisions, made rapidly in the month of March, generated their own inequalities and have shaped subsequent policy dilemmas in the months since.

The article is structured as follows. In the next section, we provide information about the social security systems and political institutions and government power resources of our two cases, information which we later draw on to explain differences in responses to the pandemic. The third section compares the initial set of policy responses in both countries, while Section 4 explains how these policy instruments were amended as it became evident that a medium- to longer-term response would be needed and how the policy direction changed as a second wave of infections took hold. While the instruments introduced were expansive, in the penultimate section we identify key gaps in provision and these extent to which governments responded to these. The conclusion summarises the key themes and attempts to account for the differences we observe with reference to variables discussed earlier in the article. We end with observations about the respective approaches to crisis management.

2 | COMMONALITY AND DIFFERENCE IN TWO LIBERAL WELFARE STATES

The logic for comparing the UK and Ireland is evident: two nations with a shared, if fraught, history, whose welfare systems share a common origin and are typically positioned in the liberal groupings in both the worlds of welfare and varieties of capitalism literatures. Thus, we are comparing similar systems, but comparison between these countries is also of interest because these systems have evolved in different ways, at different times, and with varying intensities.

In their assessment around the turn of the century, Daly and Yeates (2003) argued that that the social security systems of the UK and Ireland were evolving in different directions. They argued that corporatism, as observed in successive social partnership agreements since the late 1980s, was the primary explanation for Ireland's expanding social security generosity, and contrasted this with the more central role played by ideology in driving developments in the UK, where they noted that citizenship was being recast in ways that "privilege productive activity" (2003:95). Murphy (2012) concurred that Ireland was on an expansionary trajectory compared to UK's pathway to retrenchment, but stressed the importance of electoral politics, with the proportional electoral institutions in particular constraining Irish policy and making it more centrist and risk averse, which mitigated threats associated with globalisation, but also limited possibilities of equitable redistribution.

In reviewing developments in the liberal welfare states more generally, Deeming (2017) argues that there remains a distinct liberal bloc but that the distinguishing characteristics of the liberal welfare states have changed, with a growing focus on activation. Trends towards greater activation and, relatedly, behavioural conditionality and sanctions are observed in both the UK and Ireland. These trends are both of older provenance and are more intense in the UK (Dukelow & Heins, 2017), while steps in this direction in Ireland have taken place largely in the years since the Eurozone crisis, and in the context of advice given to the Irish government during the period of its bailout (Hick, 2018).

One key difference between the two countries concerns social security generosity: headline social security rates in Ireland are considerably more generous than those in the UK, with the pre-COVID adult core social welfare rate set at €203 per week (about £182.50)—more than double the pre-COVID-19 £74 basic rate of Universal Credit (hereafter UC). There are also differences in policy emphasis. Debates and developments in the UK are more concerned with scheme design than those in Ireland, reflecting greater policy-making capacity, and with no better exemplar than UC. This might be considered the "legislative" or "design" model of social security, which embraces complexity and its attendant policy considerations, such as work incentives, withdrawal rates, and so forth. In comparison, in Ireland, there is a greater concern with administration—in straightforward, but fundamental, terms, with making payments to people in a regular and timely manner. Reflecting the greater centrality of generosity within this administrative model, social security rates in Ireland are discretionary, are typically announced in annual budget statements and are viewed as potential vote-winners, even by politicians on the right (Hick, 2014). Racheting social security rates at budget time is thus quite common. In the UK, by contrast, social security rates are generally uprated by pre-determined rules, which have been subject to declining generosity since 2010, and do not play a central role in public debate.

The period since the Conservatives came to office in 2010 has seen substantial cuts to social security in the UK, through inter alia changes to indexation rules and, subsequently, a 4-year freeze in working-age payments; (declining) limits set on maximum household social security awards and cuts to payments for families—for higher-earner taxpayers (in the case of Child Benefit) and on behalf of third and subsequent children (in what was the tax credit system, and is now UC). At the same time, significant policymaking energy and political capital had been invested into delivering UC, which merges six previously separate means-tested benefits paid to people both in and out of work and representing a major innovation in the UK's social security system. Although beset by implementation delays, UC commanded unwavering support from the longstanding Secretary of State for Work and Pensions Iain Duncan Smith, which an Institute for Government report (Norris & Rutter, 2016:4) suggested "arguably made it more difficult for officials to be honest about the problems it was encountering," but which also instilled commitment to the policy in the face of difficulties. Duncan Smith would ultimately resign over cuts made within UC, but the policy represents the high-water mark of what might be considered a "scheme design" or legislative model. The central claim made in favour of UC is that it provides strong and clear incentives to take up and increase hours of paid work. Ireland, by contrast, maintains a largely unreformed contingent-based social security system, albeit the social insurance system has been eroded over time with the abolition of pay related benefits in 1994 and, later, austerity-era cuts.

There are also important political differences between the UK and Ireland in terms of the organisation of political institutions and government power resources, differences we believe are central to making sense of policy responses during the pandemic. The UK's First-Past-The-Post electoral system typically delivers strong, majoritarian governments that concentrates power in the executive. In contrast, Ireland's electoral system, based on proportional representation (PR-STV [Single Transferable Vote]), and orientation to corporatism results in a more consensus-oriented political culture. Ireland's electoral system delivers fewer "safe seats" than does the UK's, with the final seat in many constituencies being decided by a small number of votes. This incentivises responsiveness and, it has been argued, a "kinder and gentler" political culture (Lijphart, 2012).

Just before the Coronavirus manifested both countries held general elections in which "austerity fatigue" may be argued to have played a role. In the UK, Boris Johnson, elected in December 2019 with an 80-seat majority, aimed to consolidate electoral breakthroughs in the North of the England by engaging in fiscal loosening (Office for

Budget Responsibility, 2020a:5). In Ireland, an election on 8 February 2020 had been dominated by government performance on the issues of housing and health, and ended with protracted negotiations to form a new government with the outgoing Fine Gael-led administration ruling as a caretaker government during the most acute phase of the early crisis, knowing that coalition talks which would determine their role (if any) in the next government could only be weeks away. Only on 29 June was a coalition government formed between Fianna Fáil, Fine Gael and the Green Party, led by Fianna Fáil's Micheál Martin. In terms of both institutional differences and government power resources, then, the UK government was in a stronger position than their counterparts in Ireland at the moment the crisis hit.

3 | INITIAL POLICY RESPONSES

In anticipating a substantial number of people being unable to work due to illness or because of lockdown provisions, the UK and Ireland responded quickly to support incomes for those who lost work. The need for the policy response to include middle-income workers meant that simply allowing flat-rate automatic stabilisers to take effect was not an option—a novel response would be needed.

The policy responses in the UK and Ireland shared some key similarities but also important differences. In terms of the former, both countries took steps to (a) eliminate waiting days for sickness payments, (b) increase the generosity of social security payments for those who lost jobs, relying on existing or new administrative mechanisms to process high volumes of applications at speed, (c) suspend activation requirements for jobseekers and (d) to prop up earnings for workers unable to go to work, while maintaining links between workers and their employers.

To examine these points of similarity in turn, first, both countries moved quickly to eliminate waiting days for workers to access sickness payments if needing to self-isolate. In the UK, the waiting days for Statutory Sick Pay were cut so that an award could be made from day 1 rather than day 4 and Employment and Support Allowance paid from day 1 rather than day 8 to enable people to self-isolate. The government faced calls to increase rates of Statutory Sick Pay above its current weekly level of £95.85 but refused these. In Ireland, the six waiting days for Illness Benefit were waived for those workers who needed, on GP advice, to self-isolate and payments were increased from €203 to, first, €305 per week and, subsequently, to €350 per week. Thus, in its immediate response, the Irish government moved to increase rates for those affected by the pandemic.

Second, both countries moved to strengthen their safety nets. Motivated by the need to ensure immediate cashflow to newly unemployed workers and self-employed people who had lost income, the Irish government chose not to reply on existing welfare payments but to create a specific Pandemic Unemployment Payment (hereafter PuP). This was introduced on 16 March, the day after pubs and bars were told to close, based on a one-page application form to enable rapid administration, with compliance to be monitored ex-post. The primary focus was on speed of response and PuP was initially paid at the primary adult social welfare rate of €203 per week and on an individualised basis and with no household limits.[1] Within a week, PuP was increased to €350 per week, a level of payment equivalent to the weekly jobseeker's payment paid to an adult claimant with a dependent partner or spouse. A 12-week rent increase and eviction moratorium was introduced to protect tenants in the private rental sector and was subsequently extended to August 2020, eligibility rules were significantly revised for a short-term private rental income support, Rent Supplement, while mortgage-holders could initially apply for a 3-month mortgage holiday from their lenders.

In the UK, the government moved to increase the generosity of UC on March 20th and, in so doing, cemented the pre-pandemic policy direction by emphasizing the centrality of this scheme. Three changes were made to UC, each of which had the effect of increasing the generosity of awards. First, the standard allowance for UC (and for Working Tax Credits as part of the system of "legacy" benefits)[2] was increased by £20 to £94 per week for 2020/2021, representing a significant rise, the most generous that unemployment supports would be relative to earnings since 1998/1999 (Brewer & Gardiner, 2020). Second, Local Housing Allowance, which determines the level of support for housing costs within UC, was increased, reversing cuts that had been made to the scheme since 2012. And, third, the Minimum Income Floor, which served to limit awards for self-employed people, was scrapped. While there were proposals to waive the capital limits on UC during the crisis (e.g., Brewer & Handscomb, 2020), which result in a reduced award for any household with more than £6,000 savings (and a nil award for a household with £16,000 or more in savings), these were ignored. In the UK, as in Ireland, evictions were suspended for 3 (subsequently 6) months, and mortgage-holders could apply for a 3- (subsequently 6-) month mortgage holiday from their lenders. Both countries witnessed an unprecedent volume of new claims, and both systems held up reasonably well, making payments promptly in most cases despite some initial teething problems. By 20 April over 662,000 applications for the payment (or an alternative jobseekers' payment) were received in Ireland (CSO, 2020a), whereas in the week following 23 March, there were 810,000 claims for UC from 600,000 households (UK Government, n.d.).

Third, to comply with stay-at-home and social distancing guidance, job search requirements were suspended in both countries. The UK conditionality was suspended for 3 months in the first instance while in Ireland, all contracted employment services staff were retained and worked remotely with the focus on supportively keeping in touch.

Fourth, and most notable of all, in the UK and Ireland, as elsewhere, there were unprecedented steps to implement retention payments for workers whose work had ceased temporarily because of Coronavirus. The rationale for these payments, for all the flexibility of their labour markets, was that maintaining the link between employer and employee was essential to kick-starting economic recovery once the health emergency had passed.

Under the Coronavirus Jobs Retention Scheme (CJRS, or “furlough”), announced on 20 March, the same day as the adjustments to UC, the UK Government pledged to reimburse 80% of the gross salary of retained workers, up to £2,500 per month for an initial 3 months, for those unable to work due to lockdown. The relatively high ceiling of this scheme created some awkward comparisons—a person might receive more from this scheme for not working than might a key worker performing essential work. An equivalent scheme was rolled out for self-employed people, the latter securing some parity between the employed and self-employed, though the schemes operate quite differently in practice.[3] These schemes provided high levels of support to those who had jobs to return to.

Similar motivations led to the Temporary Wage Subsidy Scheme (TWSS) in Ireland, an equivalent payment conditional on employment being sustained and paid through the revenue system to employers to administer to employees, which was announced on week after the PuP on 24 March and was initially intended to run for a 12-week period.[4] Emphasising the policy focus on job retention the TWSS was accompanied by a suspension of existing redundancy legislation and was initially introduced at 70% of net employment with a maximum payment of €410 per week. Self-employed workers were to receive the PuP scheme rather than this Revenue-operated subsidy. For workers whose typical earnings were above €586 per week a lower subsidy of €350 per week was applicable, with no payment for those earning above €960 per week before the crisis. TWSS was more generous than PuP on only a narrow band of earnings, and lower earners could be better-off on the flat-rate PuP than on TWSS (Beirne, Doorley, Regan, Roantree, & Tuda, 2020). Leaving aside the changes to illness payments, while the changes for people who lost work were announced in the UK in one go, in Ireland they evolved over a period of just over 1 week, with the PuP out-of-work supports being introduced prior to the wage subsidy scheme, timing that would provide crucial in terms of the initial onflows of recipients.

Although the policy responses contained notable similarities, there are also important differences. The most readily apparent is perhaps the greater generosity of social security increases in Ireland than in the UK, at least in the short-term. The €350 weekly rate of PuP and Illness Benefit was considerably higher than the existing €203 core weekly welfare rate for single people and equivalent to 100% of average take home pay in the low-paid sectors most affected by job loss (Coates et al., 2020). Unlike the primary social welfare payments, there were no additional awards made for dependent adults or children (which meant that some would be better-off claiming through these regular channels). Payments were made to all individuals affected, without household limitations, and there was no means test or contributions criteria, reflecting the emphasis on administrative simplicity over complex design. This expansive increase was only ever intended to be a short-term measure, to 29 June however, as we shall see, was later extended into 2021. Its one-size-fits-all design, as discussed below, quickly came under scrutiny. By contrast, the increases in UC in the UK were more modest but were, from the outset, to last for a 12-month period and were received by all claimants (i.e., not just the newly unemployed). There was, by contrast, no increase in Statutory Sick Pay or out-of-work "legacy" benefits, including contributory social security benefits for those who had lost their jobs and did not meet the income or capital tests required to access UC. This greater generosity of out-of-work supports in Ireland mirrored institutional differences in the pre-pandemic welfare systems.

Second, because of differentials between those who had become unemployed and the job retention schemes, the inequality in the level of support received by these two groups was much greater in the UK than Ireland. In the UK, after-tax differentials for a single person not claiming additional amounts for children or housing were a maximum of £500 versus £94 per week for those claiming furlough and UC, respectively, compared to figures of €410 versus €350 per week in Ireland for TWSS and PuP.[5] While these schemes are intended to reflect distinct categories: workers who have been retained, but were not currently working, and those who had been released by their employer, the boundary between these groups in practice is less clear-cut. Not all of those who have been furloughed will have jobs to go back to, while some employers denied furlough to staff, electing to lay them off instead. The treatment of people in the UK in quite similar circumstances could, in income terms, be very different indeed, and that is before one considers those who were denied furlough in the UK and did not qualify for UC. By contrast, the inequality between these groups was limited in Ireland, but the enhanced supports to those affected by COVID opened up new differentials between pandemic-era claimants and pre-pandemic social security claimants (most of whom, regardless of whether they were contributory or means-tested recipients were entitled to a maximum of €203 per week for a single person and an additional €135 if they had an adult dependent). Thus, the pandemic payment schemes generated quite different inequalities in the UK and Ireland.

Third, and partly because of the difference in the sequencing in announcements and in differentials, the relative reliance on retention and unemployment supports differed. In the UK, the vast majority of those not working due to Coronavirus were furloughed. By the end of June, there were 9.3 million workers furloughed via CJRS and a further 2.6 million self-employed workers supported via its self-employed equivalent (Office for Budget Responsibility, 2020b:36), while the claimant count (out of work supports in UC plus JSA) rose by 1.4 million between February and May—and not all of this increase is due to unemployment (see Geiger et al., 2020, for a discussion).

In contrast, in Ireland caseloads were more balanced—indeed, there were 543,000 receiving the PuP and 436,000 recipients from the TWSS on 5 June (CSO 2020b). The sequencing of announcements was also significant here. In the UK, furlough was announced at the same time as the increases to UC. In Ireland, the new PuP was introduced, then the provision that it could be paid via employers, and then the introduction of the TWSS a week later. It is perhaps not surprising, then, that this created a momentum towards the out-of-work payment, PuP, especially given its ease of administration. Moreover, in Ireland these schemes were mutually exclusive, whereas the UK's more complex response meant that low paid workers on furlough could also claim UC as a top-up where they met the relevant criteria.

In essence, then, the UK created two more unequal groupings but most people who were not working were relying on the more generous of the two schemes, while in Ireland there was greater equality between the two groups, but most people were supported through the unemployment payment (PuP) rather than the wage subsidy scheme, initially at least.

Fourth, Ireland and the UK varied in terms of their departures from existing policy agendas. Specifically, the UK chose to support newly employed people through its existing mechanism—UC—while in Ireland a new payment, the PuP, was introduced. In the UK, the £20 per week increase in UC was not extended to contributory social security benefits,[6] due both to the policy emphasis on UC as being the primary working-age support and administrative difficulty in increasing contributory benefit awards (Couling, 2020). This was significant—not only did UC "survive" its first major test, not very long after there were questions about whether it could be made fully operational at all, but claimants were directed towards UC even where they might have met eligibility conditions for contributory supports

(Hick, 2020). The effect was that—for the first time—one might be better off claiming UC even with a complete contribution record. At a moment when claims for contributory payments might have risen, the increase in generosity of UC helped to marginalise these payments. This was a significant, if somewhat overlooked, development.

In Ireland, the introduction of a new payment created a clearer discontinuity with the existing social security system, both contributory and means-tested. That the PuP was considerably more generous than the existing core welfare payments and the fully individualised nature of the PuP created additional discontinuities. The creation of the PuP reflected the primacy placed on responsiveness in Ireland's political culture and played out in terms of an emphasis on the need for all claimants to receive income support in a timely fashion. Fine Gael's interest was also in their middle-class voters, many of whom found themselves without employment for the first time (Nolan, 2020), which was consistent with the party ethos of rewarding work and a view of those affected by the pandemic as experiencing "no-fault unemployment." The Irish "differentiation" suggests that new claimants were viewed as perhaps more deserving than existing claimants or were assumed to be less tolerant of the existing payment levels, than those reliant on a social welfare payment pre-COVID.

Although both countries moved to support incomes through illness, retention and unemployment schemes there were, as we have shown, important differences in this response, differences which would have later consequences when it became clear that this initial phase of the pandemic was only the beginning of the crisis.

4 | TURNING POINTS—EXTENSIONS, AMENDMENTS AND REVERSALS

With many of the COVID-related changes implemented rapidly and on a provisional basis for, in many cases, 12 weeks, the expiry of this period meant some change or extension would be needed. An early question in both jurisdictions concerned how to maximise returns to employment and to phase out the generous supports introduced to tackle the crisis in its initial moment. The priority focus in the second phase followed the differential emphasis in the first—namely, discussion how to reconcile COVID-19 income supports with the mainstream welfare system in Ireland and get as many people back to employment, and in the UK how to ensure that the Job Retention Scheme achieved its aim of retaining jobs.

The debate in Ireland turned to dealing with "anomalies"—essentially, perverse incentives—in the schemes as initially designed. To weaken incentives to move from retained payments (TWSS) to unemployment supports (PUP), from April 15th the former was raised to 85% of net wages for lower-paid workers, motivating migration from PuP to TWSS. Attention also turned to the levels of support provided by the PuP and the implications of these for work incentives. A government report completed in May referred to "significant disincentive effects associated with the PuP with 38 per cent of recipients previously earning less than €300 per week" (cited in Leahy & Wall, 2020), or a total of 200,000 people—one-third of all recipients—receiving more from the PuP than they had previously done in employment. Responding to such concerns on 8 June government extended the PuP to 20 August while also introducing a two-tier PuP applicable from 29 June, with those who earned €199.99 or less pre-COVID transferred to a new PuP rate of €203, the same rate as Jobseeker's Allowance, thus commencing the process of reintegrating pandemic and pre-pandemic supports.

In July, a scandal broke out when PuP recipients had payments discontinued if they had travelled through Dublin airport. Amidst much confusion, it appeared government policy was that PuP recipients should be searching for work—despite the PuP caseload including many who had jobs but who could not return to them during the lockdown. The controversy reflected an emerging political strategy to reverse the speedy creation of a generous PuP.

A Fiscal Stimulus announced on 23 July extended the PuP for a further 7 months, until 1 April 2021, with a gradual reduction in payment level, linked to three tiers of previous incomes, to bring payments in line with existing social welfare levels by April 2021 (Department of the Taoiseach, 2020). The scheme was to close to new claimants from 17 September 2020, the date when maximum payments were to be reduced to €300 per week. The traditional focus on retaining work incentives and activating people into new employment had returned by mid-June when the

Department for Employment Affairs and Social Protection restarted activation and case management processes and the narrative shifted to getting people back to work as quickly as possible. On 19 June the rent and evictions moratorium was extended to end July, while the COVID Rent Supplement was extended to 31 August.

A new Employment Wage Support Scheme (EWSS) was also announced in the Fiscal Stimulus, to succeed the TWSS, and to run until April 2021. Employers whose turnover has fallen 30% were to receive a flat-rate €203 subsidy for existing, new and seasonal employees. New firms operating in impacted sectors were also to be eligible. The Scheme was originally expected to support around 350,000 jobs into the beginning of 2021 but employers considered the €203 payment to be inadequate and reported cashflow issues with the 6-week retrospective payments. The EWSS was to achieve the goal of reconciling pandemic and pre-pandemic supports and is consistent with the aim of parity of payments between retained workers and those who are newly unemployed during the pandemic.

The UK has not seen a similar second round of welfare reforms, in part because the changes made to UC were due to last 1 year. Proposals by various think-tanks and community groups to retain the £20 increase were made throughout but became more prominent during the Autumn. There are also reports about groups affected by "gaps" (discussed below)—in the main, these have gained limited traction. Indeed, to some extent the UK witnessed a resumption of normality in terms of its social security system after those first 3 months—the government chose not to roll-over the suspension of work search expectations and sanctions beyond the end of June and thus began reinstating activation requirements.

In contrast, the policy focus in and around government has largely concerned the Job Retention Scheme. In terms of policy issues or dilemmas for the future, in the UK a key motivation for the JRS ("furlough") is, as its name implies, that jobs would be retained until business could resume and that they would not ultimately be lost. Despite political suggestions that the JRS might be cut back, on 12 May the Chancellor Rishi Sunak announced that he would extend the scheme until 31 October. While there had been suggestions that the Chancellor would demand 20% employer co-payments as part of an extended scheme or would reduce payments to workers, in the end more modest changes were enacted, providing the same level of support for workers while requiring some employer contribution, and with part-time working now allowed as part of a "flexible furlough." From August, employers were required to pay National Insurance and pension contributions for their workers, in addition to 10% of wages in September and 20% of wages in October. The Chancellor's decision to tread carefully reflected a key policy dilemma—namely, how to ensure that the scheme does, in fact, enable job retention and that it did not become a very generous unemployment benefit scheme.

Having boasted of "saving jobs" through a wage subsidy scheme that demanded limited co-payments, on 24 September the Winter Economy Plan confirmed that furlough would close from at the end of October and would be replaced by a Jobs Support Scheme that was much less generous to employers. The new scheme, reflecting a shift to supporting "viable" jobs only, was a variant on German short-time work scheme and demanded workers work at least one-third of their usual hours, and that employers pay for this time and, unlike the German scheme, one-third of unworked hours.[7] This required employers to pay 55% of wages for 33% of hours worked and thus demanded a high degree of commitment to workers before the state would subsidise employment. Worker meanwhile would continue to receive 77% of salary. Mass redundances were feared and the aim of retaining jobs appeared to be at risk.

4.1 | Towards a second wave of infections

In both the UK and Ireland, things began to unravel in September and October. As it became clear that the UK was experiencing a second wave and that more stringent lockdown restrictions would again be needed, barely a fortnight after the Winter Economic Plan, on 9 October, the UK government performed a u-turn and introduced what was, in effect, furlough mark II. From 1 November, government would pay 67% of wages up to £2,100 for workers whose employers were forced to close due to COVID-related restrictions—employers would be asked to pay National

Insurance and pension contributions only. Then, on 22 October, Sunak also rowed back on the scheme for businesses that *could* remain open in lower-tier regions, essentially watering down the "viability" test by reducing the number of hours worked to qualify to 20% (from 33%) and requiring employers to pay for 5% of unworked hours instead of requiring 33% of unworked hours to be paid by employers in the original scheme. Workers would continue to receive a high degree of support in total, but the burden of this was shifted back decisively towards the taxpayer. On the final day of October, as a second lockdown was announced in England, the government decided that furlough would not close that day as planned but would instead continue until the end of March 2021, as per the August rules.[8] Within a month, policy had come full circle.

The October reversals reflected the fragility of government strategy: after the first, acute phase of the crisis had passed, the government wanted to shift to supporting only "viable" jobs. But viability is hard to prove and demanding co-payments from employers, the government's approach, risked mass unemployment. While the government have been keen to stress the importance of keeping workers on payroll, their goal has also been to avoid mass reliance on UC.

In Ireland, the closure of the PuP to new applicants on 17 September 2020 was jettisoned as rising case numbers resulted in new partial lockdowns. The extension of PuP to end 2020 for new applicants was affirmed on 13 October in Budget 2021 when government also restated its formal intention to end PuP in April 2021. The same budget introduced a partial basic income where self-employed people were allowed to earn up to €480 per month whilst claiming a full PuP entitlement, a significant income disregard that far exceeds that available to those on pre-pandemic payments. To encourage workers back to employment after a full level five 6-week period of restrictions, on 24 November government further extended the application period for PuP to March 2021.

While government had resisted pressure to retract plans to reduce the PuP in tapered stages back to unemployment payment levels, on 19th October, as the government announced a shift to a country-wide move to the highest level of restrictions in its five-phase plan, and responding to strong pressure, they introduced a new top rate of PuP, of €350 per week, for workers earning more than €400 per week before their workplaces closed. Payments under the EWSS were also increased to €350 to maintain parity between the two schemes so as to minimise migration from the EWSS to PuP. The necessity of lockdown had, in Ireland too, thwarted the preferred policy direction of equalising pandemic and pre-pandemic supports. In both countries, the need to lock down again during a second wave of infections led politicians to reverse previously announced cuts and frustrated policy-makers' central dilemmas.

5 | GAPS IN PROVISION, IMPACTS AND EQUALITIES

Some of the changes to income supports over the pandemic were in response to the degree to which initial policy responses intentionally and unintentionally benefited some groups more than others. In the UK, gaps in provision for workers who no longer had work. Included (a) migrants with "no recourse to public funds," who could access furlough payments from the JRS but not UC if they lost work; and (b) others who might be said to have "fallen through the cracks" leading to a #newstarterjustice protest on twitter and the formation of ExcludedUK, a group campaigning for those without access to furlough. While applications for UC were, of course, possible, harsh capital limits meant that some were left without support while those affected may not always have been aware of entitlement to existing contributory payments. Prominent think-tanks called for an extension of rights to Statutory Sick Pay and for suspension of the capital rules for UC (e.g., Brewer & Gardiner, 2020; Brewer & Handscomb, 2020). The UK government did not move to respond to these gaps and inequities as they were identified and rarely considered retrospective adjustments to the schemes that were introduced.

In Ireland, there were examples of policy innovations as well as criticisms over gaps and anomalies. One innovation was that migrant workers have, regardless of legal status, been able to access both TWSS and PuP with an innovative “firewall” created whereby they could seek healthcare or social welfare services without their personal migration details being shared with the Department of Justice and Equality. A specific COVID-19 related change to a short-term private rental income support, Rent Supplement, created an opportunity to enable women exit situations of domestic violence and coercive control, both of which had escalated during the crisis. Asylum seekers who lost jobs due to COVID-19 were initially approved for the PuP, but those living in Direct Provision (i.e., institutional) centres were later reverted back to the standard £38.80 per week payment for members of this group (they remained eligible for TWSS). This was subsequently reversed as rising infections in meat plants required that workers in the asylum system access necessary payments. Some women returning from maternity benefit experienced barriers to accessing the TWSS. Both National Women's Council and the Irish Human Rights and Equality Commission sought legal opinion that this gap in provision contravened EU legislation, after which government enabled access to TWSS on 29 May. Specific campaign for seasonal workers, unemployed in March and reliant on pre-COVID welfare payments, to access TWSS, in part to provide a more generous payment to “workers” who had reasonable expectation of employment, and in part to enable tourist-related employment to survive, was resolved in the mid-July stimulus package.

Although not the focus of this article, it is clear that impacts in terms of the burden of mortality and morbidity has been borne disproportionately—by class, ethnicity and geographical spread of COVID-19 infection and death. In both countries, there have been outbreaks in nursing and care homes, which has led to a more gender-balanced mortality rate than otherwise might have been observed. In Ireland, there has been concern about asylum seekers being at particular risk, especially when in institutional accommodation, and with Traveller and Roma communities experiencing particular challenges to prevent infection (Pavee Point, 2020). In the UK, there been a particular concern about elevated risks of COVID infection and death amongst BAME community members, and in lower-income regions.

There are also significant equality issues in both jurisdictions. Perhaps the most serious gap in provision with implications for equality has been the gap in care provision in the context of school and childcare crèche (totally in Ireland and with the exception of coverage for essential workers in the UK). Considering gender in more detail, the shift to individualised payments in Ireland draws attention to the fault-lines in the underlying male breadwinner regime, whereas state childcare deficits and return to household means-testing may render women economically inactive (Murphy, 2020). In the UK, the problem of household means-testing is acute, as it forms a core feature of UC and will likely lead to rejection of UC applicants, some of whom have lost jobs. In the UK, social care has been given insufficient support during this crisis, with inadequate testing and access to PPE, whereas disabled women and BAME women suffered disproportionately The Women's Budget Group (WBG, 2020:3) and National Women's Council in Ireland have called for meaningful equality impact assessments to take account of different groups socio-economic roles and risks during the pandemic.

6 | DISCUSSION AND CONCLUSION

When the Coronavirus pandemic hit, the UK and Ireland both responded by supporting incomes through job retention and job loss instruments, though both the nature of and relative weight placed on these instruments differed. The UK introduced the Coronavirus Job Retention Scheme (“furlough”), a generous instrument that would pay 80% of employee wages up to £2,500 per month. Those not furloughed would be left to rely on Universal Credit (UC) which, while enhanced in terms of award levels, fell a very long way short of the level of support provided by the furlough scheme. Ireland elected to create a new Pandemic Unemployment Payment (PuP) for those who lost work as a result of lockdown, paid at a significantly higher rate than core welfare rates; retained workers would be supported via the wage subsidy scheme, announced a week later. The generosity of these supports and the speed with which these instruments were implemented reflected the functional necessity to impose lockdowns and for governments to take responsibility for these decisions (Moreira & Hick, 2021). A novel response was required given the need for the policy package to cover middle-income workers for whom existing flat-rate payments were deemed inadequate.

While the wage subsidy/job retention schemes were both highly original, the package of reforms can nonetheless, we suggest, be traced to certain differences in the policy legacies and political institutions of both jurisdictions. The UK decided to embed its pre-pandemic policy direction, making UC a central component of its policy response at a time when many might have become eligible for contributory social security payments. The safety net was indeed made more generous, but by a comparatively modest amount, reflecting a long-standing emphasis on rate restraint. This meant that the primary policy focus was on furlough as a mechanism to prevent millions of potentially newly unemployed people from having to rely on the social security system. Although there was criticism from those who had received nothing and demands from the UK's vibrant civil society sector for further change, the strength of the UK government enabled it to resist these demands into the summer. Ireland's greater emphasis on a more generous social welfare payment reflected similar concerns that core job-seeker payments were inadequate, especially for middle-income workers who had no recourse to a pay-related contributory benefit. The PuP, while novel, displayed familiar characteristics in terms of racheting of social security rates and emphasis on administration and intense responsiveness.

If the emergency responses can be explained at least in part by these variables, then they also generated their own distinctive policy dilemmas. In both countries, these relate to the ambiguity between unemployment and retention payments and the challenging of unwinding generous pandemic supports. In Ireland, the prior creation of the PuP meant, in the short-term, there was a need to transition onto the wage subsidy schemes, where appropriate, whereas Ireland's more responsive political culture meant more pressure to resolve "anomalies." Ireland's longer-term challenge is to reconcile the more generous PuP with the existing social welfare system. A scandal about terminating payments for PuP recipients travelling through Dublin Airport had put into sharp relief the reality that imposing work-search and activation requirements on this group (some of whom maintain links to employment) will not be straight-forward. In the UK, while UC has been used as a payment-of-last-resort, the primary policy emphasis has been on the JRS. The concern here is that unknown numbers of jobs will not be retained, and the UK's longer-term challenge here has been to impose cost-sharing as evidence that there is employer commitment to supported jobs at a time when firms have limited (and sometimes no) opportunities to trade. The boundary between retention and out-of-work categories in both countries is blurred and while Ireland's PuP appeared to cover many who had jobs to return to, the fear was that the UK's JRS was subsiding jobs that would not ultimately be viable. Both countries took steps to resolve their longer-term challenges in late summer, and both were forced to retreat in October 2020 as a second wave of infections hit.

To what extent do we see these developments as part of predictable "crisis routines"? This idea has been used to capture the known and predictable responses of welfare states to shocks (Castles, 2010:96) and it has been suggested that, in moments of crisis, these responses are likely to consist of extensions of existing institutional design rather than comprising policy innovation (Chung & Thewissen, 2011). In contrast, the responses we observe in the UK and Ireland are novel, but they nonetheless display dependencies with existing institutional designs. The introduction of furlough in the UK and the significant increase in social security payments in Ireland was required to mirror the inadequacy of social security provision, especially for the middle-classes, rather than because of continuities in pre-pandemic provision. Rather than the straight-forward application of existing policy instruments, significant effort has been made in both countries to "shield" those affected by the COVID crisis from pre-crisis welfare systems. Nonetheless, the policy responses involved mechanisms and instruments that were familiar—ensuring that out-of-work supports were made more generous in Ireland, which has echoes of previous moves to rachet rates, and in the reliance on UC in the UK as a scheme of last resort, where the policy was further embedded at a moment of crisis.

The governments of both countries intend that this more generous pandemic provision is short-lived and the plan still appears to be to revert something approaching the status quo ante. And yet, the question of whether governments will be able to unwind this support is not yet clear. While hardly representing paradigmatic or path-breaking change (Béland & Powell, 2016), the policies announced in response to COVID-19 nonetheless constitute a form of disruptive change—departures, albeit of a temporary kind, from the status quo. Whether these policies create their own feedback effects and whether these open possibilities for longer-lasting path-departing change will be important questions going forward.

In addition to opening (the prospect of) distinct policy reform pathways, the different approaches adopted by the UK and Ireland also pose some important policy questions. Will the lower levels of support provided to those who become unemployed in the UK and gaps in coverage translate into higher short-term poverty rates or greater incidence of other forms of disadvantage or debt? That most people who lost their jobs in the UK claimed UC—a means-tested payment—rather than a contributory social security payment, raises real questions about what role these remaining contributory schemes will play in the UK's social security's system in the years ahead. Will Ireland's greater emphasis on social security supports and weaker emphasis on retention payments lead to higher long-term unemployment? Will the pay-related and individualised character of the PuP lead to demand for restoration of pay-related contributory payments and individualisation in Ireland?

There is inevitably concern in some quarters about the debt being incurred in both countries, though relationships with the Eurozone inform these narratives and thus of necessity differ across the two regimes. The UK, having its own central bank, has greater freedom to pursue quantitative easing and "unorthodox" monetary policies, if needed. Ireland's membership of the Eurozone means it lacks these policy levers and will at some point be subject to EU fiscal rules, which have been suspended for the time being. There are not, at present, significant questions about the sustainability of national debt burdens and bond yields remain exceptionally low. But if conditions change, Ireland is more vulnerable to the discipline of international financial markets than is the UK, which controls its own monetary policy.

Much remains uncertain and the economic impacts and social policy responses to COVID-19 will depend significantly on the collective fight against the virus. At the time of writing (early December 2020), Ireland and England have just emerged from nationwide lockdowns and a vaccine has just been approved by regulators in the UK. It remains unclear how fast populations can be inoculated and how much economic damage will remain after the health crisis has passed. In the early moments of the crisis, there was optimism in some quarters that COVID-19 might lead to a reconfiguration of interests in support of "building back better." Such "optimistic" accounts have become quieter and jar with warnings of mass unemployment and austerity in the years ahead. What the "new normal" will look like, in either country, seems uncertain indeed.

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ENDNOTES

[1] In the first iteration where workers remained on payroll, employers could make payments to this level via the COVID-19 Employer Refund Scheme, this was then replaced by the TWSS.

[2] The rollout of UC is advanced but still ongoing. Some claimants continue to receive one of the six payments that are in the process of being amalgamated into UC. These are now described, pejoratively, as "legacy benefits."

[3] Operationally, however, the scheme would not open until late May, leaving self-employed people to rely on UC in the interim if they had no other income.

[4] The scheme replaced the COVID-19 Employer Refund Scheme, announced the previous week.

[5] Payments under PuP and TWSS are eligible for taxation but are not taxed at source. Taxes against these payments are due to be levied over a 4-year period from 2022.

[6] While policy emphasis has been on the means-tested UC, the UK retains contributory working-age payments—most notably, New Style Jobseeker's Allowance and Employment and Support Allowance for unemployed and disabled people,

respectively. It has not, to the authors' knowledge, been the stated intention of government for UC to result in a phase-out of such payments, but this must now be regarded as an open question.

[7] Another one-third would be subsidised by government and workers themselves would experience the final third as an income shortfall.

[8] These provided 80% of normal salary, as per the original scheme, and required employers to pay NI and pension contributions only.

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