

Did Farage jump the shark?

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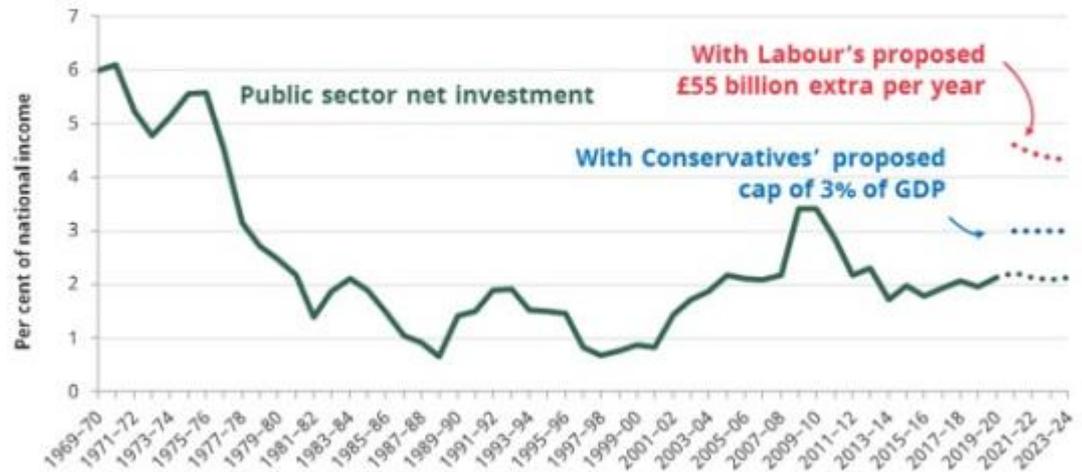
In the election so far events have been, it seems, almost predictable. Though the shadow of Brexit inevitably looms heavily in people's consideration of how they should vote on 12th December, debate has shifted to the nature of the sort of society that each party believes it can create through its spending commitments.

For editors the prospect of a Labour Party led by veteran socialist Jeremy Corbyn against the Conservatives under fascinating but unpredictable Boris Johnson was always going to be one that would generate sensational headlines. We have the spectre of the Conservatives claiming the Labour party, who've yet to formally release their manifesto, will cost the country what seems like an eye-watering £1.2 trillion. That the Conservatives refuse to cost their proposals is a moot point

In the last week there has what amounts to a 'spending war' over which party's plans are likely to be most appropriate in terms of investment in public spending with the aim of enabling enterprise that will create a stable base for job creation and future prosperity. That Labour is willing to spend more than the Conservatives, who have committed to increase public investment to 3% of GDP – a figure that is a hefty increase on the 'austerity years' of the Coalition – is hardly surprising.

Nonetheless, and as the first of two diagrams that have been produced by the Institute for Financial Studies (IFS) demonstrate, that Labour is willing to commit to spending £55 billion a year is dramatic. This would return the UK to levels of public spending not seen since the Sex Pistols were seen as a danger to society, and the notion of belonging to Europe was for most people, still seen as a novelty.

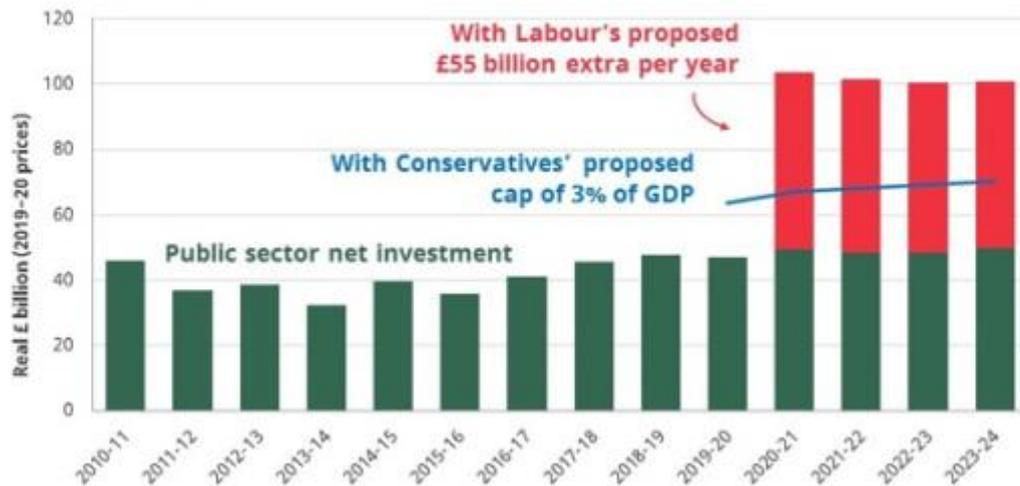
Both Labour and Conservative plans would mean a substantial increase in public investment over the next few years



Note: Forecasts of PSNI as a share of national income under Labour's plans take account of the impact on real output using multipliers from the Office for Budget Responsibility. Dashed green line indicates current forecasts.
Source: IFS calculations using OBR Public Finances Databank, OBR fiscal multipliers, and Spending Round 2019.

The second diagram, a bar chart, clearly shows that in the aftermath of the global financial crisis of 2008, when phenomenal amounts of government spending was dedicated to saving the banking system from collapse, investment in public projects remained broadly steady at about 2%. Though much less than the latter period of the last Labour government, is more than under much of the Thatcher/Major Tory administration.

Labour's new investment plans - if delivered - would mean **more than doubling public investment** in the space of a few years



Note: Labour's proposals imply £55 billion of additional nominal PSNI per year, which is converted here into 2019-20 prices.
Source: IFS calculations using OBR Public Finances Databank and Spending Round 2019.

Saving the banking system was regarded by Prime Minister Gordon Brown and his Chancellor Alistair Darling essential to halt a contagion that would have paralysed our ability to operate on a day-to-day basis. However, in the 'fog' of disinformation and spin that characterises politics across the world but now seems utterly endemic in the UK, the narrative was the amount spent on the banks was crippling at £1 trillion.

Additionally, and crucially as far as the 2010 election was fought, and as well as 2015, 2017 and as Chancellor Sajid Javid claimed last week, the country's finances were wasted under Gordon Brown as Chancellor and Prime Minister in a profligate way on needless public expenditure. Similar to the 1970s under PMs Wilson and Callaghan, when the country had to embarrassingly go to the International Monetary Fund (IMF) for a bailout, Labour cannot be trusted.

Before moving on it's worth stating that the belief that £1 trillion was spent bailing out the banks is in fact a myth. According to the Office for Budget Responsibility (OBR) in analysis published in March the amount of money spent by the government on the banks was £137

billion. Significantly, as the OBR points out, most of the £137 billion has been recouped through repayments and other schemes.

The net cost of bailing out the banks was £27 billion which though hardly pocket money is certainly much less than the £1 trillion figure that became part of the narrative. This figure was indeed true but was the value of financial guarantees were provided to investors that were explicitly intended to provide confidence to investors; not cash for spending.

As we know only too well, the 2010 election produced a hung parliament in which a coalition government of Conservatives and LibDems was formed and which dedicated itself to retrieving the position that the country was in due to spending by the previous Labour government. The narrative became one of urgent action to reduce the size and perceived excesses of the state.

And so, austerity was implemented from 2010 onwards involving savage cuts to public spending that have caused untold misery for many communities. Some, including the much-respected British Medical Journal in 2017 published research suggesting a causal link between austerity, particularly in terms of reduced spending on health and social care, that has led to an estimated 120,000 “excess” deaths between 2010 and 2017.

As the election taking place in four weeks time demonstrates, the need to restore public spending is at the heart of debate about the way we go forward. It's the magnitude that is one question to be resolved. Other questions are whether we can afford the increases being proposed, especially by Labour, and whether we are prepared to pay more tax?

But if this is a Brexit election, there is fundamental question of how much impact this issue will have in those communities that were most profoundly affected by the consequences of austerity will be influenced? Many of those living in such communities have, since the 1970s been afflicted by the associated factors of unemployment and deprivation caused by the closure of “traditional’ manufacturing that was all too frequently, as Thatcher pointed out, hugely inefficient and far too costly to be competitive.

Though there was undoubtedly a wealth of other factors at play, those living in constituencies that would, normally, be expected to vote Labour were, it appears, seduced to believe that argument that their prospects had been blighted by membership of the EU. This argument was propagated most assiduously the UK Independence Party (UKIP) led during the 2016 referendum campaign by Nigel Farage.

UKIP threat to David Cameron's Tories was one of the primary reasons we had a referendum. Two replacements later as a country we are still trying to resolve what leaving the EU will actually mean. And Nigel Farage no longer leads UKIP but has formed a peculiar vehicle for his political vanity, the Brexit Party that is in fact a limited company incorporated with Companies House on 23 November 2018.

Though Farage's views on austerity are uncertain, he has tapped the well of discontent that has simmered in working class communities who perceive themselves to have been left behind. Farage's contention that the UK pays money it can ill afford to the burgeoning and unaccountable bureaucracy that is the EU, money that could instead to improve the lot of deprived and disadvantaged communities has produced the phenomenal success the Brexit Party enjoyed earlier this year in the EU elections.

Monday's announcement by Farage that he is not going to contest Conservative held seats may be seen as part an arrangement with incumbent PM Johnson. The Conservatives claim that no such arrangement exists and any 'alliance' is one that Farage has invented. Besides, we are led to believe, the Tories see Farage as a self-important publicist whose 'party' does not have the sort of democratic processes found in all other political entities.

There is no doubt that polls were showing that the Brexit Party was steadily losing support. Cynics suggest that Farage recognises that trying to fight in every seat would be expensive and potentially lead to ignominious failure. As such cynics claim, Farage was under pressure from many including the likes of the *Sunday Mail* and *Express* to step down.

Accordingly, Farage has made what is seen as a tactical withdrawal in 317 seats won by the Conservatives in 2017 and is now only allowing Brexit candidates to contest seats held by Labour and pro-remain

parties. Farage stated that he took this, unilateral, decision, following his viewing of a video in which Boris Johnson had promised a 'Canada-plus' trade deal and that there would be no political alignment with the EU after 31st December 2020.

Farage claims that this will help Johnson in keeping those 317 seats. However, by standing in other seats he still believes he may have an influence in the outcome of the 12th December general election. Interestingly, he's suggested that he is willing to stand down in non-Tory held seats should Conservative candidates stand down in seats where, barring miracles, they have no hope of winning.

There are many who believe that what Farage is desperately attempting to do is keep his brand alive. They suggest that should poll predictions prove accurate, Johnson's Conservative Party will win a comfortable majority and implement the withdrawal agreement negotiated recently with the EU and, as many assert will occur, following failure to achieve a free trade agreement, the UK will leave the EU with no deal at the end of next year.

As such Farage's ability to achieve any influence is now believed to be zero. His announcements are seen to be meaningless and one last throw of the dice of a politician who has only ever been a Member of the European Parliament and has failed to become an MP on seven previous occasions.

Farage's announcement to stand down in a number of seats may be regarded as the political equivalent of 'Jumping the shark'. This is defined a moment when something once popular is starting to wane in the public's attention and is a gimmick to achieve publicity. However, many believe, once you've 'Jumped the shark' you only highlight the irrelevance of the brand; oblivion follows shortly.

For this unaware of the origins of the phrase, to 'jump the shark', it comes from a scene in a Season 5 episode in the 1970s sitcom *Happy Days* in which central 'coolcat' character, Fonzie, jumped over a shark while on water-skis. It was utterly absurd ridiculous and incongruous to *Happy Days*.

Though *Happy Days* continued for a number of seasons after Fonzie jumped the shark, its popularity was in serious decline and,

eventually, it was axed. One wonders after the general election on 12th December what Nigel Farage's future contribution to politics will be. It seems likely that the 'great disruptor' will become an irrelevance.