

The Beginning of the End...?

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Monday's news that RNA coronavirus vaccine, developed by pharmaceutical companies Pfizer and BioNTech, has shown extremely encouraging results in preventing Covid-19, suggests that though the current crisis may not be over, we could look forward to better times and recovery. Interim results indicate that RNA vaccine can prevent 90% of people from transmission of Covid-19. Pfizer/BioNTech will seek to attain emergency approval so that roll-out of the vaccine can commence by the end of the year.

Other companies/laboratories are developing vaccines which, it's speculated, may produce similarly optimistic results allowing society to dispense with the restrictions that have proved so disruptive to the economy and stopped people from living their lives unhindered. [*The Telegraph*](#) suggests that the government, despite any proclamations of support for the Pfizer/BioNTech vaccine, because it may be ten times more expensive, is "secretly praying" an alternative being developed by AstraZeneca/Oxford University is available.

The stakes associated with developing an effective vaccine are enormous. Though cost is important, whichever vaccine is eventually distributed, the primary objective for the government is saving jobs and ensuring economic recovery. Given the tremendous battering the treasury has taken any the investment will seem worthwhile. Critically, an end to the need to 'socially distance', being required to wear masks in public places and having curbs on pastimes will be universally welcome.

Health crises are not new; history is replete with epidemics causing death on a, frequently, massive scale. Bubonic plague which occurred in the period 1346–1353, and during which up to 60% of Europe's population perished, or 'Spanish flu', which occurred in the years 1918-1920, when, it's estimated 3-5% of the world's population died, provide salutary reminders of the suffering of previous generations.

What we should appreciate is how precarious our existence is as homo sapiens. Though we've been around for two million years, evolution in brain size, allowing us to cognitively function and operate as societies, created the intelligent humans we are about 200,000 years ago. In the history of the earth, a planet 4.54 billion years old, 200,000 years is the equivalent of a blink!

The world's population is estimated to consist of 7.8 billion people. The total number of deaths from Covid-19, some 1.26 million, though not insignificant, represents a minute proportion. As a way of comparison, if, when the current crisis ends, the death toll was at the lower end of 'Spanish flu', 3%, that would mean 234 million deaths.

For the UK with a population of 68 million, a 3% mortality rate would mean just over 2 million deaths. That the current official number of deaths as direct result of Covid-19 has not yet reached 50,000 tells us that the crisis could have been far worse.

Nevertheless, Covid-19 provides alarming clarity how modern economies, like finely tuned machines, if subject to disturbance, cannot perform effectively. Covid-19, even if Monday's news concerning a vaccine proves to be accurate, will leave lingering consequences that will pose considerable financial challenges.

Though previous epidemics were devastating, the world was much less inter-connected and the impact of shocks easier to recover from. Unfortunately, as the latest unemployment figures demonstrate, economic fallout caused by Covid-19 has disproportionately fallen on those who work in the sectors in which propensity for people to interact is greatest. Requiring businesses, particularly hospitality, to cease trading or restrict the number of customers has caused upheaval for owners and to employees many of whom tend to be young (aged 16-24).

UK Unemployment is now 4.8%, the highest for four years. This is hardly a surprise. It would certainly have been higher were it not for the intervention of chancellor Rishi Sunak in introducing the 'furlough scheme'. This encouraged employers to keep people in work.

Sunak may be forgiven in March for having believed that Covid-19 would last a matter of a couple of months. However, as the health

crisis persisted over the summer, requiring Sunak to extend furlough, he'd surely have been aware that as it tapered off towards conclusion at the end of October, many employers would make workers redundant.

What is worrying is that, according to the Office for National Statistics (ONS), between July and September, a record 314,000 redundancies occurred. This increase, both in terms of numbers and the speed at which it's occurred, is worse than what occurred in the aftermath of the 2008 Global Financial Crisis. In the same period, an additional 243,000 people are recorded by ONS as being out of work.

ONS data shows employment among those aged 16-24 falling by 174,000 for the quarter and a headline rate of unemployment of 14.6%. This will be cause concern. Whilst ensuring recovery in the prospects of everyone who has lost their job because of Covid-19 will be a priority for the government, the need to address long-term unemployment amongst the young needs the utmost urgency. Undermining confidence as to future among this age group can have lifelong implications in terms of self-belief, earning potential and health.

Sunak's critics point out that the updated furlough scheme that came as a support for those affected by the second lockdown announced on 31st October, will have been too late for people whose fate was already decided. 'Experimental data' from HMRC indicates that 33,000 people disappeared from company pay records during the month which suggests this is so. Data suggests that 782,000 fewer people are working compared to March before the pandemic took hold.

There are still believed to be 2.5 million who remain on furlough from the first lockdown. Perhaps the best that can be hoped for is that the extension to furlough will ensure they continue in this situation over the winter rather than becoming unemployed. The Bank of England predict unemployment will reach 7.75% by the middle of next year. Others are more pessimistic and contend that the jobless rate may be higher.

Much will depend on the economic outlook when the revised furlough scheme ceases at the end of March. It's to be hoped that the

Pfizer/BioNTech's RNA vaccine allows normality to return enabling business to trade unimpeded combined with pent-up investment creating opportunities undoing economic damage wrought by Covid-19.

What's abundantly clear is that dealing with Covid-19 has already cost a phenomenal amount of money. This could not have been contemplated this time last year in the run-up to the 'Get Brexit Done' general election when much was promised.

Annual borrowing of almost £400 billion and government debt of over £2 trillion – the highest it's been since 1960 when the country was still recovering from chaos of the second world war – is causing many, especially the Chancellor, extreme anxiety.

Should the news on the vaccine and its roll-out continue to be good we can expect the next couple of months to be difficult but stable. The outcome of the free trade negotiations will be determined in the next few weeks which will, at the very least, provide some of the certainty business has called for assiduously since the result of the referendum in June 2016.

That stated, a poor/'no deal' will hardly be helpful in providing momentum urgently needed for recovery that, no matter how strong, is sufficient in paying off debts incurred as a direct consequence of the latest health crisis to afflict humanity.

Unlike previous years, there will be no budget this month meaning that possible tax rises will occur next year at the earliest. The OBR (Office for Budget Responsibility) will publish an update on its predictions of the measures that have been undertaken on 25th November. It's to be expected the OBR will take the view that abnormally high levels of debt incurred during a once in a generation crisis is all very well, but that the government must address itself to reduction after the crisis by whichever measures at its disposal.

Ingenuity was vital in creating the RNA vaccine by Pfizer/BioNTech's RNA which may provide us with the ability to survive the virus and begin the anticipated return to normal. Nonetheless, like any crisis dealing with the aftermath may cause longer-term economic consequences

What makes humanity unique when compared to other species is its capability to reflect on problems and create solutions. We can respond to crises visited upon us, natural or otherwise, and deal with them.

Covid-19's caused us temporary inconvenience and, of course, death as well as suffering to the bereaved and 'long Covid' which is not yet fully understood. The future offers opportunity for some. For others there may be continued uncertainty and crisis.

As such, though we may be at the beginning of the end of the crisis. Unfortunately, we may have to contemplate that we're only at the end of the beginning of a crisis that will be characterised by further economic shocks. We're already witnessing many habits have shifted which meaning some sectors and many businesses never recover.

This could mean the end of careers for those whose skills or experience no longer match future requirements.

Whilst recovery is happening, we hope other crises don't occur.

Given the vicissitudes and complexities of the modern world, this may prove to be unduly optimistic and we should be prepared for the 'downs' as well as 'ups'.

Dr. Steven McCabe is co-editor of *Brexit and Northern Ireland, Bordering on Confusion* (published by Bite-Sized Books, ISBN-13:978-1694447807) and *English Regions After Brexit: Examining Potential Change through Devolved Power* (published by Bite-Sized Books, ISBN-13: 979-8666953099). He has contributed chapters to a number of texts in the last year (in 2020 unless otherwise stated): *Brexit Negotiations after Article 50: Assessing Process, Progress and Impact* (published in 2019 by Emerald Publishing, ISBN: 978-1787697683); *The Wolves in the Forest: Tackling Inequality in the 21st Century* edited by Hindley and Hishman (published in 2019 by Social Liberal Forum); *Boris, Brexit and the Media* edited by Mair, Clark, Fowler, Snoddy and Tait (published by Abramis Academic Publishing, ISBN-13: 978-1845497644); *The Virus and the Media: How British Journalists Covered the Pandemic*, edited by Mair (published by Bite-Sized Books, ISBN-13: 979-8643725824); *The Pandemic, Where Did We*

Go Wrong? edited by Mair (published by Bite-Sized Books, ISBN-13: 979-8665858326); BBC, A Winter of Discontent? edited by Mair (published by Bite-Sized Books ISBN-13: 979-8694863117). His latest chapter, 'Did 'Eat Out to Help Out' Result in the Country 'Getting Stuffed'?' will be included in The Pandemic, Where are We Still Going Wrong? which is due to be published on November 16th.