

Well, Boris, here's another nice mess you've gotten us into!

Dr. Steven McCabe, Associate Professor, Institute of Design, Economic Acceleration & Sustainability (IDEAS) and Senior Fellow, Centre for Brexit Studies, Birmingham City University

The title of this blog is based on a line from the 1929 film *Double Whoopee* when Ollie Hardy exclaims to his hapless partner, Stan Laurel, "Well, here's another nice mess you've gotten me into." What we're seeing in terms of panic buying at petrol stations certainly feels like a mess.

The fuel crisis demonstrates how easily we seem to descend into chaos. Additionally, we appear to be experiencing what feels like a sequence of crises.

Writing in the *Telegraph* over the weekend, Nuki et al (2021) in 'Apocalypse now? Britain's race against time to fight off multiple 'Black Swan' events', analyse the succession of events including, of course, the worst global health pandemic in a century. As they point out, in Great Britain, the pandemic, still ongoing, has been followed by a lack of workers in certain sectors, in particular HGV (Heavy Goods Vehicles) drivers, coinciding a spike in energy prices causing makers of fertilizer to temporarily cease production, that resulted in last week's crisis in supply of CO₂.

Panic buying by customers at petrol stations is claimed to be a consequence of a leak made by Rod McKenzie of the Road Haulage Association of a remark made by a BP executive, Hanna Hofer, head of BP's retail business, in which she claimed the company had "two-thirds of normal forecourt stock levels" because of the ongoing shortage of HGV drivers (Owen, 2021).

This has caused shortages in some areas resulting in inconvenience and disruption to many. It has also caused a rise in prices meaning fuel is at its highest level for eight years (Johnston and Reynolds, 2021).

Though McKenzie denied being behind the leak, once such information entered public consciousness, the outcome was assured. Short-term chaos, as seen on many forecourts across Britain, mainly, but not exclusively, in urban areas, was inevitable. As we saw in the early days of the pandemic when shoppers bulk-purchased toilet rolls and pasta, causing stocks to run out, drivers fearing fuel would not be available, caused exactly this outcome.

De Quetteville (2021), helpfully explains what's known as the 'psychology of scarcity' which predicts that if we think we are likely to be deficient in something, obtaining it becomes an obsession which, in extreme cases, excludes everything else. He cites Harvard professor psychologist Eldar Shafir who, with Harvard economist Sendhil Mullainathan, has researched this phenomenon and believes it leads to "very bad outcomes".

There is a belief that this current crisis will abate as rapidly as it emerged when people begin to realise that as long as they engage in normal behaviour, stocks will be replenished. Nonetheless, the ongoing shortage of HGV drivers and workers in key sectors such as food processing, hospitality and care homes, will continue to cast a shadow over our ability to return to 'normality' following the pandemic.

Indeed, as many suggest, the way in which the British economy operates is likely to mean we will witness more shortages in coming weeks and that traditional Christmas ingredients, including turkey and vegetables, may be limited. Given we've seen fights breaking out on fuel station forecourts over gaining access to fuel, can we expect to see similar behaviour over, for instance, turkeys, sprouts or, perish the thought, 'pigs in blankets' this Christmas?

De Quetteville (ibid), raises the very legitimate question of how “in control” the government is in the current crisis and, more importantly, what it can do to ensure confidence in its competence. Citing Swiss economist, Bruno Frey, De Quetteville claims contentment is strongly linked to the effectiveness and stability of government; “The [well-being] effects flowing directly from the quality of institutions are often much larger than those which flow through productivity and economic growth.”

As many commentators point out, one of the greatest economic ‘shocks’ this country has undergone is the impact of having left the European Union (EU) as a result of the outcome of the referendum well over five years ago in June 2016. The result of this ‘non-binding’ referendum was that on a turnout of 72.2% of an electorate of 46,501,241 51.9% voted (17,410,742) to ‘Leave the European Union’ as opposed to 48.1% (16,141,241) who wished to remain.

As has been pointed out ad nauseam since the referendum, those who voted to remain were assumed to be happy for the status quo to continue. In the short-term at least, nothing significant would have altered in terms of our relationship with the EU.

However, and with direct relevance to the situation currently pertaining in Great Britain and not, notably in Northern Ireland which, it should be remembered voted by a majority, 55.8% to remain, those who voted to leave will have been assumed to have a range of views about what this would actually mean?

Though it was made clear by the PM David Cameron who announced the referendum that whatever the outcome the result would be binding, there was never any explicit clarity as to what arrangements would eventually be implemented.

Having campaigned to remain and lost, David Cameron resigned immediately to be replaced by Theresa May initially having claimed a bad Brexit would be better than no deal. To her credit, she then dedicated immense personal effort in attempting to negotiate a departure from the EU as benign on the UK’s economy as possible.

History may eventually judge May’s deal to have been a lost opportunity. Intransigence by her own MPs combined with opposition by Labour and the Lib Dems against her deal resulted in, after a general election in early June 2017 when the Conservative Party lost its majority, her having to resign in the summer of 2019.

May was replaced by Boris Johnson who campaigned to become leader on apparent willingness to countenance leaving without a deal.

So, over two years since Johnson became leader of the Conservative Party and PM and having achieved a majority in the December 2019 general election which enabled him to implement his deal – effectively May’s but with Northern Ireland remaining part of the EU’s single market for goods – we’ve ended up in the situation that is as ‘hard’ a Brexit as possible without actually having departed from the EU with no deal.

One of the consequences of the nature of the UK’s departure has been to make freedom of movement of workers more difficult. Though Brexiters may wish to claim otherwise, there can be little argument that the current difficulties being experienced by petrol retailers in being able to employ HGV drivers, as well as a range of other sectors in being able to procure workers willing to work for them, has been the departure of large numbers of EU citizens from this country.

A useful analysis is provided by Jeremy Warner, assistant editor of the Telegraph in which he asserts the “humiliating mess” we find ourselves in has been self-imposed and due to the “incompetent failure [by the government] to prepare for the inevitable dislocations Brexit would cause” (2021). As Warner argues, Britain has deprived itself of the “safety valve” of being able to draw upon a ready supply of “cheap migrant labour” that enabled “big retailers to drive down the cost of distribution to extraordinarily low levels, and thereby helped deliver the low consumer prices that voters demand.”

To be fair, Warner, as a senior journalist for a paper which supported the UK’s departure from the EU and was happy to see a former employee, Boris Johnson, become PM, agreed with the perception that cutting off the supply of labour from the EU would result in higher wages and productivity for native workers.

Warner is not alone in being concerned that what we’re starting to see, vastly increased wages for some workers in sectors experiencing problems, will result in inflation that will cause higher wage claims thereby creating a vicious circle affecting us all.

In the meantime, though the queues at petrol forecourts show signs of easing (Sheppard, Dempsey and Barnes, 2021), attention will continue to focus on how the problem of labour shortages can be solved.

Many, including bosses at UK haulage firms, believe that emergency measure allowing temporary visas for EU workers such as HGV drivers and those to work in food processing, will not be sufficient (Henley, Savage and Tapper, 2021). Moreover, only allowing this scheme to operate until Christmas Eve is considered cynical and short-term.

Little wonder Jeremy Warner states, “Nobody is coming to our rescue” and, as Olaf Scholz, leader of the Social Democrats, which won Germany’s general election on Sunday, and looks likely to replace Angela Merkel as Chancellor, categorically stated in a press conference on Monday his view that the shortage of truck driver in the UK is a direct consequence of Brexit and low wages offered (Stone, 2021).

Intriguingly, with reference to future relationships between the UK and Germany, Scholz made plain his belief that leaving the EU under the arrangements contained in Boris Johnson’s withdrawal deal was a mistake; “We worked very hard to convince the British not to leave the union. Now they decided different [sic] and I hope they will manage the problems coming from that.”

Gaby Hinsliff writing the Guardian contends the shortage of HGV drivers merely tells us we need to get used to “a new era of uncertainty and unpredictability” (2021). As she explains, we’re no longer going to be able to assume we can freely expect goods to be available when we want them.

Worryingly, future shortages may occur in literally any sector she suggests.

With resonance to Jeremy Warner, Sarah O’Connor, writing in The Financial Times, puts the blame on a government, she argues, left the EU under the arrangements claiming it would be possible for the UK to “have our cake and eat it”. It did not, she declares, “acknowledge trade-offs [nor] plan for them.”

Times Brussels correspondent Bruno Waterfield describes that though there is a shortage of HGV drivers in EU member countries, industry experts believe the flexibility the single market confers has meant there has not been the disruption to supply chains experienced in this country (2021). As is explained, ‘cabotage’, the ability to move freely between countries, allows operators from different countries to ‘top up’ capacity is an effective way to deal with shortages of drivers.

O'Connor thinks we're likely to end worse off than if we'd stayed and had continued to reform the EU from within. In that regard Boris Johnson should acknowledge his culpability in causing the current crisis with shortage of workers to drive HGVs, work in agriculture and food processing, hospitality and the care and health sector.

Though we were warned this might be the outcome of leaving the EU, those making such proclamations were regarded as engaging in 'Project Fear'. Indeed, Brexiters will claim that such any pain we experience will be worth it to achieve the transition from a low wage, low productivity economy they argue we became as a result of membership of the EU and ability of firms to undercut the wages of British workers.

It's likely that things could get worse, much worse, in coming months. Indeed, getting used to dealing with 'black swan' events could, it seems become a feature of post-Brexit Britain.

Boris Johnson, telling us, for the second year running, he intends to "save Christmas" may be regarded as facile and merely engaging in posturing. As is well known, political parties which appear unable to be in control of events, especially when living standards decline, which when inflationary pressures erode spending power, tend to be punished at elections.

Given Johnson's reputedly considering calling a general election next year, he will undoubtedly be aware of this. Perhaps he should consider some leadership in dealing with the current crises and how their reoccurrence might be avoided.

Dr. Steven McCabe is co-editor of Exploring the Green Economy, Issues, Challenge and Benefits published by Bite-Sized Books (ISBN-13 979-8532032347) and is currently working on companion text, Green Manufacturing, What this involves and how to achieve success, which is due to be published to coincide with the Cop26 climate conference in Glasgow. He's also working on a text examining how to solve Britain's house price problem. His chapter 'Al Promised You a Miracle – Life Under 'Greased Piglet' Johnson', is included in Populism and the Media, published by Abramis Academic in June.

References

De Quetteville (2021), 'The psychology of panic buying: How the pandemic has rewritten the rules of 'rational' behaviour', Telegraph, 28th September, <https://www.telegraph.co.uk/news/2021/09/27/pandemic-has-rewritten-rules-rational-behaviour/>, accessed 28th September

Henley, J., Savage, M. and Tapper, J. (2021), 'Emergency visas won't tempt European lorry drivers to UK, say haulage chiefs', Guardian, 25th September, <https://www.theguardian.com/business/2021/sep/25/european-lorry-drivers-will-not-want-to-come-to-uk-warn-haulage-chiefs>, accessed 28th September

Hinsliff, G. (2021), 'The UK's petrol crisis is just a taste of a more jittery, uncertain future', Guardian, 27th September, <https://www.theguardian.com/commentisfree/2021/sep/27/petrol-crisis-british-economy-covid-brexit>, accessed 28th September

Johnston, N. and Reynolds, J. (2021), Times, 'Fuel crisis: Panic buying pushes prices to highest level for eight years', 28th September, <https://www.thetimes.co.uk/article/fuel-crisis-panic-buying-pushes-prices-to-highest-level-for-eight-years-ls2rwwxx7>, accessed 28th September

Nuki, P., Rigby, J., Newey, S., Gulland, A. and Nicholls, D. (2021), 'Apocalypse now? Britain's race against time to fight off multiple 'Black Swan' events', Telegraph, 25th

September, <https://www.telegraph.co.uk/global-health/science-and-disease/apocalypse-now-britains-race-against-time-fight-multiple-black/>, accessed 28th September

O'Connor, S. (2021), 'Temporary lorry driver visas are a symptom of government failure', Financial Times, 28th September, <https://www.ft.com/content/73fb9887-055f-4a5b-89b1-5df0c37ecc2b>, accessed 28th September

Owen, G. (2021), 'HGV boss is accused of triggering petrol pump crisis: Ministers point the finger at ex-BBC man and diehard Remainder who 'leaked remarks made by a BP executive at a private Government meeting', DailyMail Online, 25th September, <https://www.dailymail.co.uk/news/article-10028661/HGV-boss-accused-triggering-petrol-pump-crisis-Ministers-point-finger-ex-BBC-man.html>, accessed 28th September

Sheppard, D., Dempsey, H. and Barnes, O. (2021), 'Panic buying of fuel shows early signs of easing', Financial Times, 28th September, <https://www.ft.com/content/d9fcbfa0-8f05-4578-8393-aebd0a3f6c84>, accessed 28th September

Stone, J. (2021), 'Brexit and low wages to blame for UK truck driver shortage, Angela Merkel successor says, Independent, 27th September, <https://www.independent.co.uk/news/uk/politics/brexit-wages-olaf-scholz-b1927671.html?r=9347>, accessed 28th September

Warner, J. (2021), 'The fuel crisis is an almighty mess of our own making', Telegraph, 28th September, <https://www.telegraph.co.uk/business/2021/09/28/fuel-crisis-almighty-mess-making/amp/>, accessed 28th September

Waterfield, B. (2021), 'EU single market avoids supply problems', Times, 29th September, <https://www.thetimes.co.uk/article/eu-single-market-avoids-supply-problems-petrol-lorry-drivers-ld5526lv6>, accessed 29th September