

New Term, New Challenges and New Horizons?

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Traditionally, September is the month when the summer holidays have ended, the crops have been harvested and everyone, especially children, must get back to routine which, for some will have been forgotten in the blissful days spent with family on holiday. It is also the month when, for politicians, following the summer recess, normal activities, including attendance at Westminster resumes.

This is the third year in which Boris Johnson contemplates the forthcoming Parliamentary session as PM. In the past two years he's confronted problems of immense magnitude.

Two years ago, he'd become leader of his party promising to find a way out of the impasse in Parliament created by the outcome of the referendum to leave the EU and which, notably, had led to his predecessor, Theresa May's downfall.

Last year, having apparently achieved what had begun to seem an impossible objective in September 2019, gaining Parliament's approval to a deal to leave the EU, he was still dealing with the pandemic.

Getting Brexit "done", as had been promised in the Conservative Party's December 2019 election manifesto, meant, having removed a number of Johnson's own MPs whose recalcitrance in supporting his stance, resulted in a surprise 80 seat majority, meant he'd proved successful in doing what he'd been voted to replace May to achieve.

However, any warm afterglow Johnson might have enjoyed following his winter break with then partner, Carrie Symonds, to a luxury villa in Mustique, funded by a Tory donor, for which he was cleared by Parliament's committee on standards of wrongly having declared, proved short-lived.

As intelligence reports circulating in early 2020 indicated, the threat of a global health pandemic that had been identified in China, has the potential to be hugely disruptive.

Johnson, the goodtime PM, having initially made light of the threat posed by the virus personally experienced just how it could be devastating Covid-19 could be having been hospitalised in intensive care by it. As needs no elaboration, the effect of the pandemic has been huge in terms of health and the impact on the UK economy.

As the current Economist magazine suggests, though the official number of world deaths due to Covid-19 is believed to be around 4.5 million, modelling carried out by it suggests this to be a "dramatic undercount". The Economist estimate the true toll of world death due to Covid-19 to be 15.2 million and could indeed be as high as 18.1 million.

In the UK the official figures, based on testing, show that there have been over 7 million infected and that in excess of 133,000 people have died because of it. Many believe that the actual death toll due to Covid-19, though not as greatly underestimated as the world total, could be, because of lack of testing in the first months of the pandemic, many tens of thousands higher.

Additionally, and worryingly, as Geddes (2021), explains, according to a study by React-2 study which used a finger-prick antibody tests from randomly selected adults in England to assess how far coronavirus has spread, some two million people may be affected by what is referred to as 'long covid'.

'Long covid', as the NHS website (2021) is complex and, because research is still ongoing, not fully understood in terms of actual impact. Nonetheless, as the NHS website lists, there are many ways in which long covid may manifest itself ranging from relatively trivial to so extremely serious as to debilitate an individual for many months, possibly years, and potentially, the rest of the person's life.

The impact of the pandemic on the National Health Service has been profound. Dealing with Covid-19, unknown until early 2020, has resulted in serious strain on a system already stretched even before the pandemic. It's estimated over 5 million people are waiting for NHS hospital treatment in England and, without urgent intervention, this figure could rise considerably with collective consequences for society (Stoye, Warner and Zaranko, 2021).

The economic cost of dealing with Covid-19 has been, unsurprisingly, phenomenal. According to King (2021), during the first year of the pandemic (April 2020 to 2021), the government borrowed £299 billion "the highest figure since records began in 1946." Though the amount the government will need to borrow will be less for the period April 2021 to 2022, it is estimated that in excess of £200 billion will be required.

As regular reports from within government suggest, there is considerable disquiet among some, most especially the treasury under Chancellor Rishi Sunak, as to the amount of debt the UK has accumulated during the pandemic. National debt, at over £2.2 trillion, roughly equivalent to the entire annual output of the UK economy, will, it should be assumed, need to be repaid (such was the logic of the Coalition government under David Cameron).

What is causing particular concern is the increasing cost of servicing such debt, not helped by rising inflation. As Wallace and Rees (2021) explain, the recent increase in inflation, because a quarter of national debt is tied to the retail price index (RPI) paid on gilts by the government, higher than the more commonly used CPI (Consumer Price Index) which doesn't include housing costs such as house prices and interest rates, means Sunak must find an additional £12 billion, "potentially squeezing his ability to offer more giveaways in the Budget."

Reports that Rishi Sunak has been 'persuaded' to increase funding for the NHS by at least £1bn from the expected rise of £5 billion to over £6 billion each a year, combined with health and social care secretary Sajid Javid's announcement the NHS will receive an extra £5.4 billion over next six months to deal with the backlog caused by the pandemic, will certainly not make the chancellor's dilemma of trying to reduce national debt any easier.

It is against this background Johnson made his announcement on Tuesday to make good on the promise made on becoming leader of his party in July 2019, to resolve how to fund the "catastrophic costs" of social care. The cost of having care at home can, on average, be anything between £500 and £1,000 per month. As the representative body for care homes state on its website, "average weekly cost of living in a residential care home is £704, while the average weekly cost of a nursing home is £888 across the UK" (Carehomes, 2021).

Breaking a manifesto promise is difficult for any government.

Boris Johnson having promised to solve the issue of the cost of care homes, in the December 2019 election manifesto campaigned on an explicit commitment not to raise taxes and to protect pension increases under what's known as the 'triple lock' mechanism.

So, his announcement to increase National Insurance (NI) for those of working age by 1.25%, despite being called a 'health and social care levy', estimated to raise £12 billion a year, is a clear break from

his party's commitment not to raise taxation. It's likely to prove unpopular among grassroots supporters, many of whom are aged.

Rumours of a rebellion within his own party who may join forces with opposition parties to defeat any such measure in Parliament will not be the first time Johnson has had to deal with internal opposition. However, breaking promises is different.

Though all MPs accept there's an urgent need for additional funding for the NHS and social care, many see the use of NI as regressive as it is only paid by those of working age, and usually not by those in receipt of state pension who are most likely to need social care.

Additionally, Tuesday, Thérèse Coffey, secretary of state for work and pensions, announced the government intends to breach another of manifesto pledges by, temporarily for the year, not adhering to the commitment to apply the 'triple lock' increase to state pensions. Given the peculiarities of the way in which average wages were depressed last year during 'furlough', and have since risen by 8.8% in comparison, adhering to the triple lock would result in pensions going up by the same percentage costing over £7 billion.

It's estimated adherence to the triple lock costs about £0.9 billion for every one percent rise. This means there is a considerable saving by only raising state pension this year by 2.5%, which is another of the three 'locks'.

The government, and presumably Johnson, will be well too aware of the criticism it will receive for breaking promises made prior to the occurrence of a once in a century pandemic. Given that there are supply problems and inflation in foods, energy as well as a range of other less essential items, there will surely be cognisant of the optics of doing this.

The fact that those working after state pension age will also pay 1.25% levy may seem like an attempt to assuage anger coming from parts of the media traditionally supportive of the Conservative Party. It will surely come as no surprise the Daily Mail are not happy. James Tapsfield, its political editor reports the possibility of further taxes being imposed cannot be ruled out (2021).

Coincidentally, it was also announced on Tuesday there will be additional taxes on shareholders' company dividends from 2022-23 onwards. 1.25% extra will be paid by basic rate taxpayers, higher rate taxpayers will pay 33.75% and those earning more than £150,000 a year in England paying 39.35%. This the Financial Times reports, is regarded by investment groups as a "kick in the teeth" to those who use investment to make income (Flood, 2021).

Telegraph economics editor, Russell Lynch, reports Capital Economics' warning the combination of NI increase and additional tax on shareholders, in, the "worst-case scenario", may slow Britain's post-Covid recovery and potentially threaten 130,000 jobs (2021).

As always with Johnson, there will be a political calculation of how far he can go in pushing through changes ensuring he fulfils promises made and his legacy is having succeeded in not just getting completed the objective of allowing the UK to leave the EU but having solved the intractable issue of funding social care.

Some commentators concur with former chief political advisor, Dominic Cummings' view Johnson intends to win the next election and resign by 2026 to "make money and have fun" (Sleigh, 2021).

Opinion polls currently suggest the Conservatives Party are on track to win the next election. Polling organisation Britain Elects indicate the Conservatives are nine points ahead of the Labour Party.

However, nothing can be taken for granted. Assuming it takes place in mid-2024, much can change in the next couple of years. The last few years shows that anything is possible.

Boris Johnson, as Tom Bower's biography, *The Gambler*, described him, has based his entire career on not following orthodoxy or, significantly, the rules.

As long as he can ensure any revolt in his party is minimal, and his tax increase get through Parliament, he'll undoubtedly believe he can achieve his objective of winning the next election.

The new Parliamentary term at Westminster looks like it is going to be as much of a roller-coaster as has been the case in recent years. Let's be clear, the pandemic is far from over and only a fool would suggest otherwise (Neville and Thompson, 2021). Talk of an autumn 'lockdown' should the rate of infection from Covid once again overwhelm the NHS is gaining traction.

Nonetheless, as temperature outside reduce as we head towards winter, it's highly likely the political temperature may start to increase dramatically. Whether Johnson, who still proudly trades on his ability to be optimistic, emerges smiling is hard to judge.

Given his career, who'd bet against him?

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