

Starting Over

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The title of this blog is the same as the reflective single by John Lennon which, went to number one immediately after his senseless murder on December 8th 1980 and heralded his return to music after a five-year gap. Starting Over was Lennon's declaration of recommencing a career that had been, as a member of The Beatles, remarkable.

Whether Lennon, had his life not been so cruelly taken, achieved equally incredible influence, as David Bowie did up to his death in January 2016, we'll never know. That's the harsh reality of death.

Death is, of course, very much in the news. We have a daily update of whatever is the latest current 'official' total of deaths resulting from Cobid-19. However, as this blog considered last week, the figures being provided include only those deaths in which the deceased tested positive for coronavirus.

Pointedly, the number of deaths in excess of normal average for the period in which the pandemic has occurred, are far greater than the official total. According to Chris Giles of the *Financial Times* writing on his [twitter account](#), "a cautious estimate" of death due to Covid-19 is in excess of 50,000.

Very usefully, [*The Financial Times*](#) provides a free to access link to the latest statistics on "the scale of outbreaks and the number of deaths around the world."

There will undoubtedly be reckoning of what was done and when in dealing with the impending threat of Covid-19. Though questions are currently being asked, there is a good argument that we can do nothing about the past. We can alter the future.

It's essential to ameliorate the continuing impact of Covid-19.

Primarily this must focus on reducing mortality by ensuring high rates of reinfection does not occur.

Equally critical, though, whatever policy introduced to begin to take the economy out of the form of hibernation it's been in, should be achieved with the explicit desire to maintain as much business activity as possible.

Current data available from HMRC (HM Revenue and Customs) present a pretty stark indication of the magnitude of the impact of dealing with Covid-19.

23% of the 33 million people employed prior to lockdown are furloughed: officially the coronavirus job retention scheme (CJRS). The OBR (Office for Budget Responsibility) believes that the cost to the exchequer will be £39bn for the period March to June.

£39 billion is a big enough figure; enough to build approximately 100 major acute hospitals ([average cost £300 to £400 million](#))

However, given that OBR calculation does not include the cost of the five million self-employed workers that have been subsequently included by chancellor Rishi Sunak, the bill will increase.

Additionally, it's reported by the British Chambers of Commerce who've carried out analysis, more than 70% of private firms planned to furlough workers which may increase the cost of the furlough scheme even more.

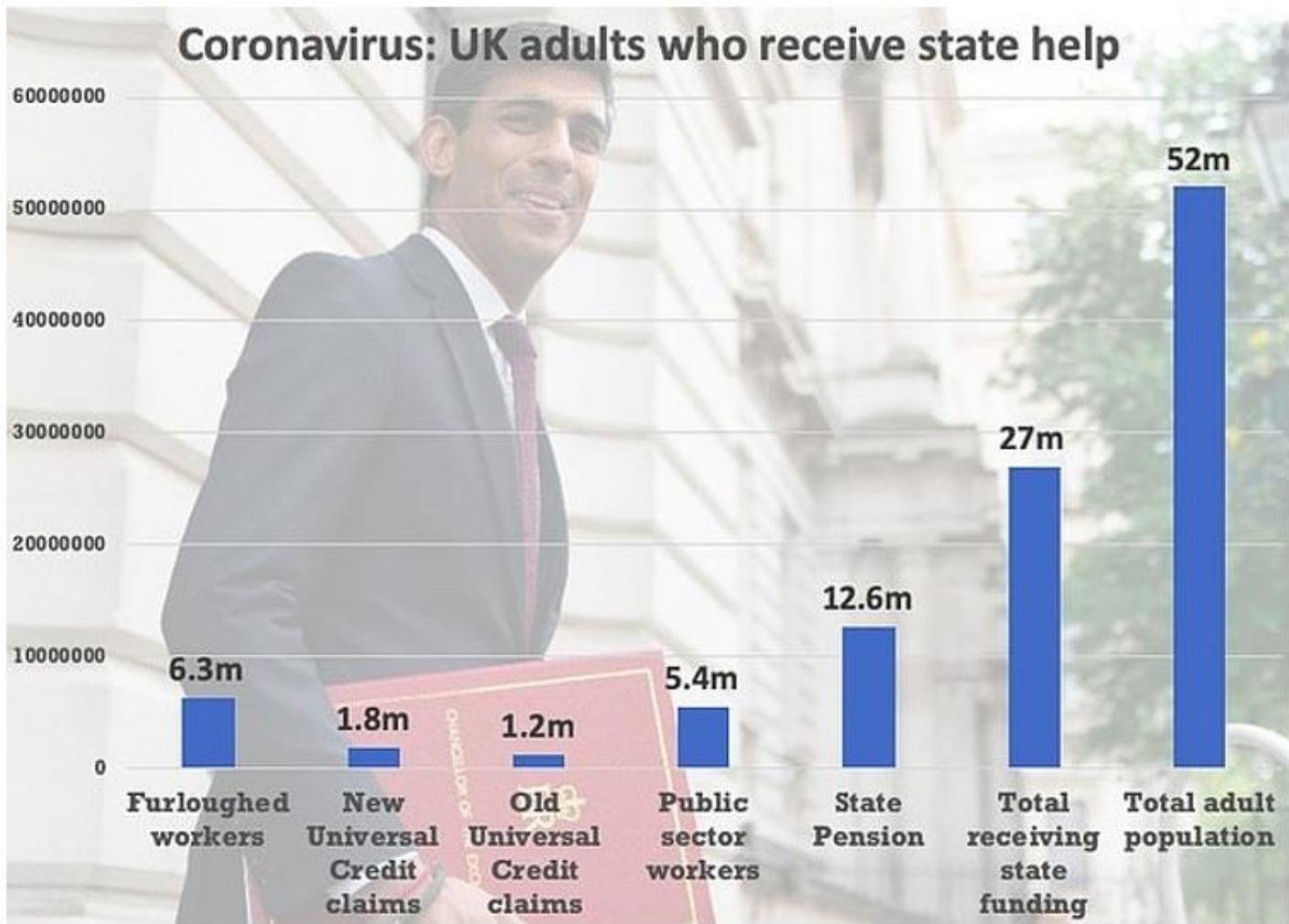
And this is not the end of the costs that the exchequer will have to bear as a consequence of putting the economy on life support.

As Work and Pensions Secretary, Thérèse Coffey, has announced, there have been more than 1.8 million claims for universal credit since 16th March; six times the normal claimant rate. It is hardly a surprise that 8,000 staff have needed to be redeployed to cope with demand for payments from a system that is, to stress, widely criticised as being wholly inadequate to do more than subsist.

The impact on the economy is being demonstrated on a daily basis. Each day there is [new data](#) showing how sectors are being massively impacted by lockdown.

It's estimated that at least £2billion is being lost to the UK's GDP every day we remain in the current state.

Unsurprisingly, some are asking how whether it's economically feasible for the UK to remain in a situation in which the exchequer is directly responsible for the livelihoods of 27 million adults; over half the adult population? This is shown in the following graphic (source: Daily Mail):



Many argue the costs of lockdown to the exchequer, already enormous (requiring borrowing already this year of £270 billion), cannot be sustained much longer.

It's not a surprise that chancellor Rishi Sunak has stated as much though, of course, he's acutely aware of the fact that we're still in the midst of the Covid-19 pandemic and any end to lockdown comes at the risk of infections increasing again.

Nonetheless, as those sceptical of lockdown claim, unless it ends soon, its destructive effect will be so immense that many thousands of businesses will cease to exist. After all, huge job losses have already been announced in sectors been badly affected by the imposition of restrictions on people's movement. British Airways and Virgin being two notable examples, both of which are cutting a third of their staff.

Sadly, it's feared, other companies will follow.

Sunak will be aware that extending lockdown, even with minor relaxation, something Prime Minister Boris Johnson will comment upon this Sunday, will extend financial consequences leading to rising unemployment. This will increase numbers seeking benefit and significantly reduce revenue to the exchequer.

A very thin line between political and economic exigencies has emerged; the need to ensure the rate of mortality remains 'acceptably low', whilst being cognisant of the needs of business.

Rishi Sunak will be aware that whilst getting back to 'normal' is a laudable objective, this won't happen soon, it must be done with sensitivity to particular circumstances and markets. Sunak has promised that the furlough scheme, so vital to maintenance of 80% of pre-Covid-19 income for over six million people, will not be ended in such a way as to create a "cliff edge."

There is a very human aspect to the crisis.

According to the Office for National Statistics (ONS), anxiety levels have risen considerably among the 8.6 million people whose income has been negatively impacted by lockdown. This is especially so among those who live in rented accommodation and those who are self-employed.

Equally, there's considerable concern about going back whilst the pandemic continues.

Notably, [The Financial Times](#) carried a report examining the difficulties that confront any putative resumption of normal business activity.

As was pointed out when the decision to impose ‘lockdown’, taking the decision to tell people to stay at home, unprecedented as it may have been, may be have been easier than ending it, particularly if the dual objective is protecting both health and the economy.

What can be stated with certainty is that there will eventually be a return to ‘normality’. What this will look like is open to conjecture.

How soon this occurs will depend on the development of a vaccine.

In the meantime, it’s necessary to concentrate on ensuring that, as furloughing was explicitly intended to achieve, as many jobs impacted by restrictions imposed due to Covid-19 are saved.

Additionally, those not able to avail of the furlough scheme and now dependent on universal credit (unfortunately far too many do not have even this safety net), need to get back into employment as soon as possible.

Nonetheless, in the short to medium-term it is likely we’ll see unemployment levels remain uncomfortably higher has been the case in recent years. As such overall consumption will be sluggish revenue, vital for recovery, lower than was anticipated before the Covid-19 crisis.

As was always possible in dealing with an unprecedented threat, there’s a danger that what was hoped to be a short-term, though extremely deep, recession, may become much longer in duration.

Recovery may be measured in years as opposed to months.

Crucially, in the longer-term, and as Covid-19 has so painfully exposed, there is the question of what sort of economy we want to recreate?

Surely, even if were possible to do so immediately, it’s not in our collective interest to go back to a situation in which inequality and poverty were endemic. A state of affairs in which the prospects of a scandalously large proportion the next generation are blighted by lack of opportunity as well as poor access to training schemes.

The Guardian's Polly Toynbee in her [article](#) 'Young people face a jobless future – unless ministers learn from the past', passionately argues what was achieved previously can be done so again.

Given the magnitude of the current crisis, education and training will be essential.

Equally persuasively, Larry Elliott also writing in *The Guardian*, examines the way that coronavirus has exposed imbalances in our country.

Elliott states his belief that enhanced national self-sufficiency and increased resilience are essential in dealing with future crises. What's needed, he asserts, are "more community-based banks", "more investment in vocational education" and an industrial strategy encompassing "the everyday economy as well as trendy hi-tech sectors, and for a stronger social safety net."

The intention in the aftermath of the death and destruction of the second world war was a better world. This should be the guiding maxim in developing recovery to the current crisis having such a brutal impact on the lives of many millions.

Like John Lennon in starting over, it's critical we aim to ensure the needs of those who feel they've been left behind become paramount in any recovery after Covid-19.

Dr. Steven McCabe is co-editor of *Brexit and Northern Ireland, Bordering on Confusion* (published by Bite-Sized Books, ISBN-13:978-1694447807) and contributor to *Boris, Brexit and the Media* edited by Mair, Clark, Fowler, Snoddy and Tait (published by Abramis Academic Publishing, ISBN-13: 978-1845497644)