## Here we go again...

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

There's a grim inevitability about to prospect of England entering another 'national' lockdown this Thursday. For many, the question was not whether there would be another lockdown; just when it would occur and its duration. Data for the UK showed that the desired effect of a regional approach to dealing with Covid-19 was not having the desired effect. Seven-day average daily infection and death rates had risen to over 20,000 and 260 respectively.

Critics of this government will point out that these trends should not come as a revelation as there has been plenty of warning. In late September SAGE stressed their view that without a 'circuit breaker', based on an extended half-term for schools, the country would face a "very large epidemic with catastrophic consequences" as measured by deaths and the ability of the NHS to cope; the precise basis for the first lockdown.

Employing a two week 'circuit breaker' was not a stratagem the government wished to adopt in slowing the rate of infection from Covid-19. As a result, the much feared but widely anticipated second surge already being observed became inevitable.

There is some evidence suggesting that the government through some initiatives, particularly the 'Eat Out to Help Out' scheme offering 50% discount (up to £10 per person) for meals on Monday to Wednesday during August, may have contributed to the return of Covid-19 (see McCabe, 'Did 'Eat Out to Help Out' Result in the Country 'Getting Stuffed'?' to be published in *The Pandemic, Where are We Still Going Wrong?* edited by Mair to be published soon).

Many asserted that the haste with which the government attempted to stimulate economic activity after the first lockdown, intended only to be a matter of weeks, was too hasty. The cost of requiring millions of people not to work had proved eye-wateringly expensive. Some sectors, especially hospitality, fared extremely badly which is why 'Eat

Out to Help Out' was conceived. Unfortunately, as we're about to experience, its price tag may prove to be far more expensive than the £500 million plus it's believed to have cost.

Saturday's announcement of a second lockdown, prompted by leaks on Friday evening to the *Times* and *Daily Mail*, created urgent impetus to be seen to respond. Scientific advice predicted that without urgent and radical intervention we would experience exponentially increased rates of infection and death due to a second surge of Covid-19.

Papers supportive of the Conservative Party, *The Telegraph* and *Daily Mail*, have voiced concerns that the latest lockdown was been achieved by an alliance of scientific advisors and 'doves' within government at a meeting on Friday afternoon. Leaks were intended to 'force the hand' of the Covid 'Quad' committee. This committee consists of four key individuals responsible for taking strategic decisions during the pandemic; PM Johnson, Chancellor Rishi Sunak, Health Minister Matt Hancock and Chancellor of the Duchy of Lancaster, Michael Gove.

Subsequent reporting has focused on the dramatic choreography accompanying decision-making. This includes accounts of "blood-curdling briefing" by Sir Patrick Vallance in which he argued that a circuit-breaker was too late and that an immediate four-week lockdown was essential to slow the rate of infections. Without a lockdown, he emphasised the NHS would be overwhelmed and potential deaths exceeding 85,000.

Though a number of scenarios were suggested by researchers, all showed a higher death toll than the 'reasonable worst case' previously outlined. A prediction of up to 4,000 deaths a day occurring by December grabbed particular headlines. This figure is believed to have been instrumental in causing the 'Quad' to agree to a second lockdown.

Any government, even with an 80-seat majority, is acutely aware of the opprobrium resulting from presiding over a crisis in which the NHS, because infections are "running riot", being unable to deal with patients suffering from any other ailment as well as up to 4,000 dying each day. That morgues would not have sufficient capability to cope and bodies would be stored in temporary facilities such as skating rinks added to a sense of an impending catastrophe.

Nevertheless, many within the Conservative Party believe that the data used to take the decision of a second lockdown is out of date. The *Telegraph's* reported that modelling used in the PM's presentation on Saturday is overly pessimistic and was formulated three weeks ago<sup>[1]</sup>. Notably, the predicted current daily death toll due to Covid-19 was supposed to be 1,000.

This article includes criticism of the modelling presented to government by MPs David Davis, Ian Duncan Smith and Steve Baker and some with health expertise. Professor Carl Heneghan, director of the Centre for Evidence-Based Medicine at Oxford University, reinforces that anxiety that decisions should be made on contemporaneous data. However, up-to-date data indicates that deaths from Covid-19 will still rapidly increase to almost 500 a day by the middle of the month.

There is still the issue of the rate of infection and the impact on hospital Intensive Care Units (ICUs). Critics of the tier system in England stress that it has not slowed the rate of infection sufficiently. As such, existing capacity within the NHS will be overwhelmed. Therefore, on Saturday, PM Johnson concluded his announcement with words chillingly resonant with what he stated unequivocally on 23rd March; "Stay at home, protect the NHS, save lives."

Maintaining health and the NHS is, of course, crucial to the ability of UK to function effectively. However, this requires an economy in which there are sufficient financial reserves to deal crises and enable as much activity as possible to pay off debts and invest in services vital to future prosperity.

That public borrowing for this year is already above £400 billion and, in the six months following the first lockdown, quadrupled last year's £54.5 billion is intensely worrying. Debt stands at £2.06 trillion, equivalent to 103.5% of GDP, a 60-year high. Record levels of debt, it can be assumed, is why 'Quad' member Rishi Sunak is alleged to have been reluctant to agree to a second lockdown that is estimated to cost the country another £45 billion.

The danger is that a second lockdown will create a 'double-dip' W-shaped impact on the economy. The effects will be damaging and undermine plans so integral to promises made by the Conservative Party prior to the general election. According to forecasts made by Deutsche Bank and Oxford Economics, GDP may decrease by up to 10% this month. Any impact of a second lockdown will be acutely experienced by the service sector that makes up almost 80% of the economy. Those employed in hospitality will be especially affected.

It's salutary to recall that in July when the first lockdown ended, the economy recovered dramatically as a consequence of reopening shops, restaurants and pubs. The fact that we are now entering a second lockdown tells us that any short-term economic gains are likely to be wiped out. Though not all economic activity will cease, the economy is expected to be between 12-15% smaller than in April when it shrank by almost 25%.

As we enter a second lockdown, we do so in much worse shape than the rest of Europe and having already endured the largest number of deaths. On 2<sup>nd</sup> December, when the next lockdown ends, we'll return to the system of tiers in regions. There will only be a couple of weeks until Christmas.

According to *Financial Times*, retail businesses are concerned at the challenge that confronts them and support is essential to survival<sup>[2]</sup>. *The Times*, in the article 'Leaders of industry warn of bumpy ride ahead as second national lockdown looms' reinforces that message that a second lockdown could be far more destructive than the first<sup>[3]</sup>. One sector, travel, believes its very existence is questionable if unable to return to normal soon<sup>[4]</sup>.

It's sincerely to be hoped that enough will have been done to avert the worst fears of epidemiologists and that concerns to economic impact turn out to be over-pessimistic.

This time last year the greatest challenge was in how Brexit would ever be achieved and, though we've left the EU the precise terms of any Free Trade Agreement have yet to emerge. It is to be hoped that this 'sideshow' does not add to toll of misery already suffered.

Maybe 2021 will bring better times?

Unfortunately, as occurred after the first lockdown, any return to normality is likely to be equally short-lived. Covid-19 will not have been eradicated meaning next year we'll continue to endure restrictions and, possibly, another lockdown.

Even assuming Covid-19 were to disappear, we will collectively have to deal with the longer-term consequences of phenomenal debt and vastly increased unemployment caused by the crisis.

- [1] <a href="https://www.telegraph.co.uk/news/2020/11/01/death-scenarios-used-government-justify-second-national-lockdown">https://www.telegraph.co.uk/news/2020/11/01/death-scenarios-used-government-justify-second-national-lockdown</a>
- [2] https://www.ft.com/content/dc0011f7-3230-4ab2-a98c-3036ab9b6eb1
- [3] https://www.thetimes.co.uk/edition/business/leaders-of-industry-warn-of-bumpy-ride-ahead-as-second-national-lockdown-looms-rgqldcd82
- [4] <a href="https://www.theguardian.com/travel/2020/nov/02/new-covid-coronavirus-lockdown-england-could-destroy-travel-industry">https://www.theguardian.com/travel/2020/nov/02/new-covid-coronavirus-lockdown-england-could-destroy-travel-industry</a>

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 in November.