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Lessons from COVID-19: UK experience

Malcolm Sawyer

Emeritus Professor of Economics, University of Leeds, UK and FMM Fellow

Abstract: The paper considers some key aspects of the UK policy responses to the COVID-19 pandemic over the three years starting January 2020. It briefly outlines the slowness and variations in policy responses over lockdowns and other health measures. Indications are given of the seriousness of the health and economic consequences. The nature and scale of fiscal and monetary policy measures are indicated. Policy responses involving test and trace, equipment purchasing decisions and employment support programmes are examined for their effectiveness, and for the relationships between public and private sectors. The unequal and differential effects of COVID-19 on people are considered.

Key words: COVID-19, fiscal policy, employment, inequality

Email: m.c.sawyer@lubs.leeds.ac.uk

Orcid 0000-0002-4565-5276

1. Introduction

The focus of this chapter is on the experiences and policy responses in the UK to the COVID-19 pandemic, covering the period from late January 2020 when the first case of COVID-19 was reported in the UK to the end of 2022 by which time the major limitations on everyday life from COVID-19 had been removed.[1].

The policy responses of the UK government, particularly in the first months of the pandemic were rather slow in implementation and decisions often delayed. Arthbutnott and Calvert (2022) detail the denials of the seriousness of the coronavirus and procrastinations in making decisions, and particularly the role of the Prime Minister Johnson during February and early March 2020. Although the World Health Organization (WHO) declared the coronavirus outbreak a public health emergency of international concern on 30th January 2020, it was only on 2nd March that the first emergency meeting of COBRA[2] chaired by Prime Minister Johnson happened. On 9th March 2020, an action plan was described as having four phases to tackling the virus: Contain, Delay, Research, and Mitigate, and "the best thing we can all do is wash our hands for 20 seconds with soap and water." "The government's key advisory committee was given a dire prediction many weeks before the lockdown about the prospect of having to deal with mass casualties as a result of the government's strategy, and yet too little was done. It was a message repeated throughout February, and it became all the louder as deaths started to ramp up elsewhere in Europe in early March and neighbouring countries began taking drastic action.." (Arbathnott and Calvert, 2022, pp. 7-8) On 12th March moves to "delay its spread and thereby minimise the suffering" were announced (Johnson, 2020b) with advice to those with coronavirus symptoms to stay at home for at least 7 days, seeking to delay the peak of infection by a few weeks. By 16th March (Johnson 2020c), when cases were doubling every 5 or 6 days, the policy became that when anyone in a household had symptoms all of the household should stay at home for fourteen days. On 18th March (Johnson 2020d), it was announced that schools would be closed for most pupils (exceptions for children of key workers and 'vulnerable' children) until further notice. A general lockdown policy was announced on March 23rd, starting

[1] In Sawyer (2021), I focused on the UK experience in the first twelve months (February 2020 to January 2021).

[2] COBRA is the acronym Cabinet Office Briefing Room A, a series of rooms located in the Cabinet Office in 70 Whitehall and is the government's emergency situation committee.

three days later, which included the public only be allowed to leave their homes for limited reasons, including food shopping, exercise once per day, medical need and travelling for work when absolutely necessary. All shops selling non-essential goods were told to close, gatherings of more than two people in public banned, and events including weddings are cancelled.

From mid-May onwards, the lockdown was gradually relaxed. There was then limited re-opening of schools in June, and then fully re-opened for all in September with the start of the new school year. Throughout the rest of the year, there were frequent changes in regulations and guidance, often operated on a localised basis. A second lockdown started on November 5th, applying to England, with the other nations adopting different timetables and varying in the precise requirements. This lockdown was scheduled to end 2nd December. After relaxations for December, though with some sudden reversals, a third lockdown started in early January 2021. The COIVD-19 policy responses were often characterised by delays in taking action, particularly at the beginning, sudden reversals of policy with little notice, and degrees of policy differences between the four nations of the UK[3].The ups and downs with gradually easing of lockdowns and restrictions during 2021 are set out in Arthbunott and Calvert (2022) Chapter 16.

"This slow and gradualist approach was not inadvertent, nor did it reflect bureaucratic delay or disagreement between Ministers and their advisers. It was a deliberate policy—proposed by official scientific advisers and adopted by the Government of all of the nations of the United Kingdom. It is now clear that this was the wrong policy, and that it led to a higher initial death toll than would have resulted from a more emphatic early policy." (Health and Social Care, and Science and Technology Committees, 2021, p. 32)

"As a result, decisions on lockdowns and social distancing during the early weeks of the pandemic—and the advice that led to them—rank as one of the most important public health failures the United Kingdom has ever experienced. This happened despite the UK counting on some of the best expertise available anywhere in the world" (Health and Social Care, and Science and Technology Committees, 2021, pp.32-3)

The UK should in a number of respects have been in a relative strong position to confront the pandemic. The UK has a national health system funded by general taxation, generally

[3] See, for example, Calvert et alai (2020), McTague (2020), Sinclair, (2020) on delays, missteps etc on the UK government's responses to the pandemic.

but not universally free at the point of use and hospitals publically owned, so that issues of access to treatments and payments do not arise. The health service had suffered from a decade of austerity and had operated at close to capacity with little room to deal with large surge of seriously ill people.

The UK government had in place a National Risk Register based on the National Security Risk Assessment. There were other areas of lack of preparedness, for example personal protective equipment. The public accounts select committee concluded in its report in July 2020 that "there were fundamental flaws in the government's central procurement and local distribution of vital goods and equipment … Despite a pandemic being identified as the government's top non-malicious risk, it failed to stock up in advance." (Arbuthnott and Calvert, 2022, p. 107)

One of the early policy decisions (of the Secretary of State for Health and Social Care) which had tragic consequences related to the discharge of elderly patients from hospital into residential care home.

"The discharge of elderly people from NHS hospitals into care homes without having been tested at the beginning of the pandemic … had the unintended consequence of contributing to the spread of infection in care homes. The seeding of infections also happened as a result of staff entering care homes, and the failure to recognise this risk early is a symptom of the inadequate initial focus on social care" (Health and Social Care, and Science and Technology Committees, 2021, p.94).

There were throughout various forces which slowed down responses to COVID-19 in terms of libertarian arguments, COVID-19 denial (often by those who were climate deniers) and arguments to 'protect the economy' based on the reduction in economic activity which comes from lock-downs were influential within government and more widely and often served to slow down policy responses. Rogers (2020a, p.4) argues that when Johnson became Prime Minister in July 2019, "a swathe of special advisors was put into Downing Street and all key ministries, from the Tufton Street cluster of neoliberal think tanks[4]. The

[4] This refers to a number of free market think tanks including Institute of Economic Affairs, Taxpayers' Alliance, climate denial Global Warming Policy Foundation who share the office address of 55 Tufton Street (and also a reputation for lack of transparency over source of funds). See, for example, https://www.desmog.co.uk/55-tufton-street

pandemic has been a golden opportunity to accelerate the final stages of the neoliberal transition."

The health effects and the course of the COVID-19 pandemic are briefly summarised in Figure 1. The time path of the number of cases reported and the number of deaths attributed to COVID-19 are given. From Office for Health Improvement and Disparities covering England only (part replacement for Public Health England) between 21.03.22 and 23.09.22 1,383,085 registered deaths, 1,255,852 'expected' deaths (based death rates in previous years), which implies 127,233 'excess deaths' during the COVID-19 pandemic. Another indication of the effects of COVID-19 is that during that period 175,905 death certificates mentioned COVID-19. The waves of COVID-19 are clearly evident with peaks around April 2020 and December 2020. The lower levels during 2021 and 2022 are likely to reflect the success of the vaccination programmes which began in January 2021. The death rate ascribed to COVID-19 for G7 countries places UK as third highest behind Italy and USA (Table 1).

Figure 1 near here

Table 1 near here

The direct impact on economic activity is recorded in the figures for Gross Domestic Product (GDP). There was a sharp decline of 21 per cent in 2020Q2, with recovery of 16.6 per cent in 2020Q3, and thereafter GDP fluctuated though with a sharp rise of 6 ½ per cent in 2021 Q2. But by 2022Q4 GDP was nearly 1 per cent lower than in 2019Q4. The UK was the only one of the G7 countries to have GDP lower in 2022Q4 as compared with 2019Q4. Brexit had occurred in February 2020, and much of the decline in GDP may be attributable to Brexit and its impacts on trade.

Employment rate fell from 76.6 per cent in January 2020 down to 74.6 per cent in December 2020, gradually rising thereafter to 75.6 per cent in November 2022. Overall employment was around quarter of a million lower at end of 2022 as compared with end 2019. This was largely due to a decline in the workforce through a combination of the effects of Brexit (completed in early 2020), increase in long-term sickness often COVID-related, and 'discouraged worker' effects. Unemployment was just under 4 per cent during 2019, rose during 2020 to reach over 5 per cent by end of year; during 2021 and 2022 unemployment rate trended downwards to 3.5 per cent in July and recorded 3.7 per cent at the end of

2020: these were the lowest rate of unemployment since 1974. The effects on unemployment were rather muted, particularly by the furlough scheme.

2. Macroeconomic policy responses

The government budget for the financial year 2020/21 presented to Parliament on 11th March 2020, included some fiscal measures responding to the coronavirus included late on in the budget making process. Further fiscal measures were announced on 20th March. The budget 2020 contained a fiscal loosening of £18 billion based on pre-COVID-19 assumptions, and then an additional £12 billion. In specific respect of the coronavirus, there was announcement that "whatever extra resources our NHS needs to cope with coronavirus—it will get", with a £5 billion emergency fund allocated immediately.

The range of fiscal measures made in response to the COVID-19 pandemic and its effects on incomes, economic activity and employment is given in Table 2 along with the scale of expenditure. IMF (2022) estimate that policy measures (announced up to 27th September 2021) would involve for the UK additional spending and foregone revenues relating to health of £102 billion (4.8 per cent of GDP) and other additional spending and foregone revenues of £305 billion (16.0 per cent of GDP). Contingent liabilities including loans amounted to £352 billion.

Table 2 near here

The fiscal policy responses were notable for the scale of the resulting budget deficit amongst the largest in the world. Fiscal policy rules with numerical targets for budget deficit and debt level were quickly placed in abeyance. These fiscal measures included various forms of income support, employment support measures (including the furlough scheme, job retention bonus and job support scheme), loans and grants to firms to support their continual operations, aids to cash flow.

Monetary policy was loosened through cuts in the bank rate by the Bank of England lowered from 0.75 per cent to 0.25 per cent, and then to 0.1 per cent on 23 March 2020 where it remained until December 2021 when it rose to 0.25 per cent beginning its climb through 2022 to 3.5 per cent by end of 2022. The Bank of England engaged in further Quantitative Easing (QE) on 19 March increasing its holdings of UK government bonds and sterling non-financial investment-grade corporate bonds by £200 billion to a total of £645 billion, followed by an additional £100 billion in June 2020.

Table 3 reports the sectoral balances on a quarterly basis. The public sector recorded a balance of nearly minus 25 per cent of GDP in 2020Q2 reflecting the sharp increase in expenditure and the loss of tax revenue resulting from lockdown. High borrowing continued through 2020 into early 2021, then returning to more usual levels.

Table 3 near here

Total government spending expanded from 39.1 per cent (of GDP) during 2019-20 to 51.6 per cent in 2020-21 and then 44.5 per cent in 2021-22. Public sector net debt as ratio of GDP rose from 82.8 per cent at the end of FY 2019-20 to 93.9 per cent at end of 2020-21, with further rise to 95.5 per cent at end of 2021-22.

There was a vigorous fiscal policy response with sharp (and appropriate) rises in budget deficit. There were the usual voices raised against budget deficits. Much concern has been expressed over the higher debt ratio and a push to constrain future fiscal policy to reduce the ratio. However, the high inflation of 2022/23 has done much of that work – if nominal GDP were to be say 15 per cent higher at end of 2023 than beginning of 2022 the debt ratio would be reduced by circa 13 per cent. Monetary policy adopted historically low policy rate of interest and a substantial increase in Quantitative Easing. The QE policy meant a failure to 'lock in' low borrowing costs as interest (at bank rate) paid on bank reserves which increased as result of QE (at time of writing this means payment to banks of the order of £30 billion a year).

3. Neo-liberalism and the private/public interface

There were three particular interfaces between the public sector and the private sector which received much attention. One was the development of policies on 'test and trace' as a means to limiting the spread of COVID-19, and the relative roles of public provision and private provision. Another was the acquisition of PPE. And the final one was the development and then roll out of effective vaccines. I now consider these in turn.

Test and trace

The importance of testing for coronavirus was stressed early on by the World Health Organisation. On May 20th 2020, Prime Minister Johnson told the House of Commons that "We will have a test, track & trace operation that will be world-beating, and yes, it will be in place by 1 June", and as was to often happen the outcomes on test and trace were far below the claims. The test-and-trace systems have been a major source of difficulties in counteracting the coronavirus: as Rogers (2020, p. 3), puts it "the immediate crisis is being

made far worse by an appallingly incompetent national test-and-trace system that is rapidly coming apart at the seams." Rogers views "the combining of test and trace largely contracted out to private companies with Public Health England which had been starved of funds over the previous decade of austerity as developing this neoliberal agenda." The key difficulties can be identified as arising from "the chaotic and hugely expensive privatisation of the whole process instead of properly funded use of local experts." (Rogers, 2020).

Taylor (2020), Conn and Geoghegan (2020), Calver and Pogrund (2020), and Sikka, (2021), amongst others document cases of inexperienced firms contracted for test and trace, and often the close links of companies with Conservative politicians.

Department of Health & Social Care (2020) indicate a range of failures of NHST&T. These include a failure to "met a target to provide results within 24 hours for tests carried out in the community. 93 per cent of results provided within 24 hours in June falling to low of 14 % in mid- October. It did not plan for a sharp rise in testing demand in early autumn when schools and universities reopened." (p.10). There was much further evidence of inefficiencies. For example, whilst "there has been no shortage of central tracers and, at times, parts of the national tracing service have been barely used." (Department of Health & Social Care, 2020, p.12) and reports that in mid June there were utilisation rates of Specialist health professionals of 4 per cent and call handlers 1 per cent. Further, the Scientific Advisory Group on Emergencies (SAGE)[5] provided "advice on what a testing and tracing system needs to achieve in order to be effective; to date NHST&T has not achieved these standards." (p.13) SAGE's advice was that an effective test and trace system needed to reach 80 per cent of close contacts, whereas between 28th May and 4th November 66 per cent of close contacts were reached. "The high reported levels of non-compliance with self-isolation represent a key risk to NHST&T's success; national and local government have been trying to increase public engagement."

Public Accounts Committee (2021b) note that the NHS Test and Trace as one of the most expensive health programmes with an allocation of £37 billion over two years, equivalent to one fifth of the 2020-21 NHS England budget. In 2020-21, NHST&T had paid £3.1 billion for laboratory capacity to process PCR tests and £911 million for contact tracing, though only a

[5] SAGE is the key body providing scientific advice to government.

minority of the laboratory and contact centre capacity, which had been paid for was used. There was criticism of over-reliance on consultants, paid an average £1,100 a day.

Personal protective equipment

Arbuthnott and Calvert (2022, p.7) report that, hundreds of witness including scientists, academics, paramedics, emergency planners, public officials "told us that, contrary to the official line, Britain was not in a state of readiness for the pandemic. Emergency stockpiles of personal protective equipment (PPE) had severely dwindled and were out of date because they had become a low priority in the years of austerity cuts. The training to prepare key workers for a pandemic had been put on hold for two years while contingency planning was diverted to deal with a possible no-deal Brexit."

Throughout the first months of the coronavirus crisis, there was a great shortage of personal protective equipment (PPE), reflecting the lack of preparedness for a pandemic, and how "in the six years before the COVID-19 pandemic, the commitment to austerity, ran down the emergency PPE stockpile by 40%" (Sikka, 2021). "Many companies with proven track records offered to make or obtain PPE, but most were rejected or ignored by Public Health England (PHE) and the Government. Instead, rules for emergency procurement were used to commission many other companies that had no experience and little or no trading history" (Colegrave, 2020). Colegrave (2020) reports the purchase of faulty antibody tests from China (£129 million), ordered 10 million tests from Roche and Abbott with little evidence of effectiveness (£919 million)[6].

National Audit Office (2023) found "a lack of adequate governance, oversight and control at UKHSA". "A lack of sufficient, appropriate audit evidence and significant shortcomings in financial control and government meant he [the head of the NAO] was unable to provide an audit opinion on the accounts of the UK Health Security Agency (UKHSA)"

DHSC estimates that in 2021/2 there was a £6 billion reduction in the value of items procured relating to the pandemic, with £2.5 billions write-down on items costing £11.2 billion no longer expected to be used or for which the market price is now lower than the price paid, and write-down of £3.5 billion on PPE, vaccines and medication which DHSC

[6] Bright (2020) provides further examples of contracts awarded to inexperienced companies, and reports estimates that £190 million worth of PPE contracts were awarded to individuals with links to the Conservatives. Sikka (2020) indicates the extent to which the contracts have been awarded without the use of competitive tendering and to businesses close to the Conservative Party.

committed to purchase no longer expected to use. There had been £8.9 billion written-down in the 2020/21 accounts. DHSC estimated "that ongoing storage and disposal costs for its excess and unusable PPE will be £319 million"; and at end of March 2022 estimated monthly spending on storing PPE was £24 million.

Durrant et alia (2021, p.16) report that "the National Audit Office found that business allocated to the 'high-priority line' for PPE contracts were 10 times more likely to get a contract than others. Businesses were allocated to this group based on leads from ministers and officials. The NAO found that the reasons for particular awards were often not documented, leaving the government open to charges of cronyism." Durrant et alai (2021, p.3) report that of the £17.3billion spent on such contracts, only 1 per cent was awarded through competitive tendering. Around 38 per cent was awarded through existing framework agreements which are designed to allow governments to procure goods and services quickly when needed. The remaining 61% was awarded directly to contractors without any competition.

Vaccination roll out

Public Accounts Committee (2022a) described the vaccine programme in England as "highly successful".[7] COVID-19 vaccines became available at the end of 2020, and vaccination became central to the government's pandemic response. UKHSA "estimated that by the end of September 2021, vaccinations may have averted as many as 128,000 deaths and 262,000 hospitalisations by September 2021" (National Audit Office, 2022a)

NHS England and NHS Improvement led on operational delivery of vaccinations, working with Public Health England and its successor body (UKSHA) on vaccine supply, storage and distribution within England. Local healthcare providers including NHS hospitals, GPS and community pharmacies administered vaccines on their own premises and in dedicated vaccination centres. National Audit Office (2022a, p. 5) report that the general uptake of COVID-19 vaccination had reached 90 per cent of adults (based on two doses by end May 2022). But much lower in some groups such as 38 % of 12- to 15-year olds and 55 % 16 and 17 year olds; 58% pregnant women (as of February 2022). And "compared with people of

[7] The reports discussed here refer only to England. Health is a devolved responsibility, and hence national governments in Northern Ireland, Scotland and Wales have responsibilities for health services in general, and dealing with COVID-19 in particular.

White British origin, people of Black, Black British and Pakistani origins were less than half as likely to have had their boosters" (National Audit Office, 2022a, p5).

The Public Accounts Committee (2022a) attributed the success to two factors. "First, the Taskforce secured early access to the vaccines the UK needed, by signing contracts before regulatory approval. Second, NHS England ensured a range of different routes for people to get vaccinated, while clearly prioritising those most at risk." (Public Accounts Committee, 2022a).

Contracts and appointments

The VIP lane was operated for recommendations by MPs, peers and other politically connected people. Conn and Evans (2023) report companies referred by the route had a ten times greater success rate for being awarded contracts than those without VIP treatment (based on National Office Report)

UKHDA (2022) provided (following Freedom of Information request) a list of suppliers who had been referred by ministers or senior officials to the VIP testing route. Good Law Project calculated that £5 billion worth contracts were introduced by six Conservative politicians. Only Conservative Party peers, MPS and donors appear to be named as referrers with no politician from another political party on the list.

The New York Times analysed a large part of expenditure on PPE involving around 1,200 central government contracts that have been made public, together worth nearly $22 billion. Of that, about $11 billion went to companies either run by friends and associates of politicians in the Conservative Party, or with no prior experience or a history of controversy. Meanwhile, smaller firms without political clout got nowhere." They report that about $5 billion went to politically connected companies (former ministers and government advisers on staff, donations to the Conservative Party); around $6 billion went to companies without prior experience in supplying medical PPE – including fashion designers, pest controllers and jewellers winning contracts. Over $5 billion went to "companies with histories of controversy, from tax evasion and fraud to corruption and human right abuses." (Bradley, et alai, 2020)

Conn and Evans (2023) report that Andrew Feldman, former Conservative Party chairman and advisor to government during pandemic, helped SG Recruitment to secure PPE contracts worth £50 million after introduction by Tory peer Lord Chadlington. Chadlington

had financial interest in SG Recruitment as director and shareholder of its parent company Sumner Group Holdings which is registered in Jersey.

Conn (2023) reported that PPE Medpro, a company closely linked with Conservative peer Michelle Mone had been accused by UK government of supplying defective gowns that could have compromised safety of patients had they been used in the NHS. Department of Health and Social Care (DHSC) paid PPE Medpro £122 nillion for 25 million sterile surgical gowns under a contract awarded in June 2020 after Mone approached ministers offering to supply PPE. DHSC alleged the gowns were rejected because they were not sterile, their technical labelling was invalid and improper, and they cannot be used within trhe NHS for any purpose.

Department of Health Social Care awarded contracts worth almost £777 million to Randox Laboratories for COVID-19 testing services and goods. “However, the Department’s poor record-keeping means that we cannot be sure that all these contracts were awarded properly. Even allowing for the exceptional circumstances at the start of the pandemic, basic civil service practices to document contract decision making were not followed.” (Public Accounts Committee, 2022b , p.3)

Investigation by Good Law Project (2023) uncovered profits of £17 million made by Zoe Ley after she brokered a £250 million PPE deal for Worldlink Resources, a firm who landed two contracts via the unlawful ‘VIP’ lane. Worldlink Resources won their PPE contracts after being referred onto the VIP lane by former Cabinet Minister, Lord Agnew. The firm won two contracts: a £178M deal to supply goggles awarded in June 2020 and a £80m contract, awarded in May 2020 to supply surgical gowns. Zoe Ley partnered with former Conservative Party MP, Brooks Newmark, to lobby Matt Hancock (the Secretary of State for Health and Social Care) and other ministers on behalf of Worldlink resources. SOURCE

Transparency International (2023) in their report on Corruption Perception Index (CPI) for 2022 find a decline from 78 in 2021 to 73 in 2022 (on a scale 0 to 100). Alongside attacks on democratic institutions and reduction of opportunities for parliamentary scrutiny, there is reference to “Individuals with political connections were appointed to senior public-sector roles during the COVID-19 pandemic. … A fifth of UK COVID-19 contracts raised red flags warranting further investigation. The systematic bias in the awarding of PPE contracts to those with political connections, government’s “VIP lane”. This cross-over of vested

interests and political power puts money at risk and impairs the government's response to the economic crisis."

4. Implementation and Effectiveness of policies

There were a number of substantial initiatives to provide support to employment, incomes and business during the COVID-19 pandemic. In this section there is a brief review of their operations.

Furlough

The Coronavirus Job Retention Scheme (CJRS) 'furlough scheme' paid 80 per cent of wages for those unable to work through COVID limitations, which was undertaken for the first time in the UK, with no limit on the amount of funding available for the scheme, and a willingness to support as many jobs as necessary. The CJRS was initially intended for three months, backdated to 1st March, refecting views of how long the pandemic would last, but then extended at various times to at least ?? the end of March 2021 and variations in the contribution of government to wages of those furloughed. At its peak in early May 2020the CJRS was supporting 8.9 million jobs, equivalent to over a quarter of the workforce, And overall costs of £96.9 billion (National Audit Office (2022b)

There have been estimates (subject to considerable degree of uncertainty) that £4,6 billion in JRS payments may have been claimed fraudulently or paid out in error (National Audit Office, 2022b).

The National Audit Office (2022b) concluded that "the employment support schemes achieved their primary objectives of protecting jobs and businesses during the COVID-19 pandemic" (p.6). Therewere inevitable flaws in schemes intorduced as remarkable speed.. Some changes were made to the schemes but more could have been done "in bearing down on deadweight loss and the cost of error and fraud" (p.11).

"It established that furloughing was a successful response to the COVID-19 crisis, partly because it challenged the traditional UK crisis response of non-state intervention in the labour market. Furloughing prevented higher unemployment and enabled a swifter recovery." Argues "that key lessons from furloughing (including the direct support for job retention) should be used to devise new state policies aimed at promoting a more sustainable and equal economy." (Spencer et alia 2023, p.81)

Loans

"The taxpayer is expected to lose billions of pounds from the increased risk of fraud and error in the Government's COVID-19 schemes. Government acted quickly to provide vital support to vulnerable businesses and individuals in response to the pandemic but in doing so significantly increased its exposure to fraud and error. This is in part due to the need to work at pace, but also because departments decided to relax or modify controls in place to prevent or detect fraud and error, and to provide support to people and businesses that government did not have a prior relationship with. Launching multiple large-scale support programmes, such as the Bounce Back Loan Scheme, markedly changed the risks BEIS must manage leaving it reliant on banks that it admits lack incentives given it is not their money on the line. BEIS estimates it could lose up to £27 billion through fraud or credit issues on the Bounce Back Loan Scheme. Local authorities are responsible for delivering several government support schemes, but their services are already under pressure and their capability to take on additional counter fraud activities varies considerably. Universal Credit fraud and error rose by £3.8 billion to an all-time high of £5.5 billion between April 2020 and March 2021." (Public Accounts Committee, 2022c, p. 3)

Around £47 billion of COVID 'bounce back loans' were handed out to smaller firms to support them during UK lockdowns. Department of Business Energy and Industrial Stratregy "estimates it could lose £16 billion to £27 billion through fraud or credit risks on loans issued under the Bounce Back Loan Scheme" (Public Accounts Committee, 2022c, p.10)

Eat-out-to-help-out

"Eat Out to Help Out" in participating businesses offered 50 per cent discount Monday to Wednesday, up to £10 per person on food and non-alcoholic drinks consumed on premises, on Mondays to Wednesdays from 3rd to 31st August 2022. It has become apparent that concerns were raised on this scheme: "the publication of former health secretary Matt Hancock's WhatApp messages appears to confirm that there were concerns about the then chancellor's scheme in summer 2020 driving an increase in infections." (Ungoed-Tomas, 2023). Fetzer (2022) found that the scheme "had a significant causal impact on new cases, accelerating the subsequent second COVID-19 wave … Areas with higher take-up saw both a notable increase in new COVID-19 infection clusters within a week of the scheme starting and a deceleration in infections within two weeks of the program ending." (p. 1200)

5. The unequal impacts of COVID-19 and policy reactions

The ways in which COVID-19 impacted on different income groups, different ethnic groups generally reflected and exacerbated pre-existing inequalities. In this section there is a brief review,

Differential incidence of COVID-19 and ill-health

Judged by excess death calculations, males were more prone to die than female. Over period 21.03.20 to 23.09.22, excess deaths as proportion of deaths was 10.1 per cent for men and 8.3 per cent for women.

Education

The shutdown of schools and the use of on-line and home learning are likely to accentuate the socio-economic divide in educational attainment. It is reported that "pupils at private schools were twice as likely as state-school pupils to get daily online lessons during lockdown. Within the state sector, pupils from better-off somes were more likely to receive active support from schools and to have a better home learning environment" include more space, bettter access to broadband and computer facilities and availability of parents working from home to provide some assitance. And pupils from poorer areas and households have been more likely to miss days from school. (Johnson et alia, 2021a, p.3).

Catton et alia (2021) report "a strong socio-economic gradient in the children who opted to return to school. We find that better-off children-who, on average, enjoyed better resources and spent more time on learning at wave 1—were far more likely than their poorer classmates to return to school. Even more concerning, amongst children who chose to return, better-off students continued to spend more time on learning than their peers from poorer families." Eyles et al (2022, p. 4) calculate that "intergenerational income persistence is set to rise by somewhere between 4.8 percent and 11.9 percent due to the steep socioeconomic gradient in lost learning hours during the pandemic"." (Eyles et alia, 2022, p.4)

Employment and earnings

Blundell et alai (2020) find that most people in the bottom tenth of the earning distribution (apart from key workers in health and social care) are in sectors that were forced to shut down, and 80% are either in a shut-down sector or are unlikely to be able to do their job from home. This compares with only a quarter of the highest earning tenth. Young people and those of Pakistani, Bangladeshi or black ethnicity are also more affected than others in these respects.

Johnson et alia (2021) report that the COVID-19 crisis "exacerbated inequalities between the high- and low-paid and between graduates and non-graduates…. Non-graduates were far more likely than graduates to work in a locked-down sector and far less likely to be able to work from home." In the third quarter of 2020, there had been a 7% reduction in the number of graduates but 17% reduction in number of non-graduates doing any hours of paid work in a given week. The authors also find that the COVID-19 crisis particularly hit the self-employed and others in insecure and non-traditional forms of employment. The Self-Employment Income Support Scheme did not cover around 2 million people who had some self-employment income, nor a substantial additional number with incorporated businesses which took income in some combination of salary and dividends. As they remark, this is an illustration of the difficulties which the state has in setting a safety net for those in non-traditional forms of employment.

Inequalities in Illness and death

There have been significant disparities in illness and death rates. The largest disparity found by age – among those disagnosed with COVID-19 people 80 or older were 70 times more likely to die than those under 40. The death rates have been higher in males than females (Public Health England, 2020). The inequalities between areas of the country based on deprivation are illustrated in Table 4. The decile of areas with the highest index of multiple deprivation has death rates (adjusted for age) COVID-19 related of the order of 2 to 2 ½ times the death rates of the least deprived area. The degree of inequality revealed for COVID-19 tends to be somewhat greater than death from all causes.

Table 4 near here

Public Health England (2020) report that the highest diagnoses and death rates are in mostly urban local authories. The death rates in London from COVID-19 being more than three times higher than in the South West of England (with the lowest rate). The degree of inequality between regions is found to be much greater than the inequalities in all cause mortality rates in earlier years. It has also been found that there particularly high increase (over previous years) in all causes of death among those born outside UK and Ireland, those in a range of caring occupations, those driving passengers in road vehicles, those working as security guards and related occupations, and those in care homes.

Ethnicity

Table 5 illustrates differences between ethnic groups. The white population recorded an excess death rate of 8.4 per cent over the period, whereas the Black, the Asian and mixed race population recorded rate of over 21 per cent.

Table 5 near here

The death rate has been higher in those in Black, Asian and Minority Ethnic (BAME) groups than in White Ethnic groups. "These inequality largely replicate existing inequalities in mortality rates in previous years, except for BAME groups, as mortality was previously higher in White ethnic groups." (Public Health England, 2020). "Ethnic minority people experience a much higher risk of COVID-19 related death, a stark inequality that impacts on all ethnic minority groups, including white minority groups such as Gypsies and Irish Travellers. … Ethnic inequalities in relation to COVID-19 mirror longstanding ethnic inequalities in heath. A large body of evidence has shown that these inequalities are driven by social and economic inequalities, many of which are the result of racial discrimination" (Nazroo and Becares, 2021, p.1).

Curry et alia (2022) show that Black Britons "are more exposed losses that can be catastrophic in crisis periods" (p.79). "Blacks are two to three times more likely than whites to have been diagnosed with COVID-19) …and are over four times more likely to die …. Black Britons accounted for 11% of those hospitalized with COVID-19 but over 36% of those admitted to critical care, after adjustment for age, sex and location …" (Curry et al., 2022 p.79)

The pandemic widened the gap in unemployment rates: "Black African and Black Caribbean men are 50% more likely than white British men to be found in shut-down sectors (Platt & Warwick, 2020). In November 2020, 11.6 % of Black Britons were unemployed more than double than the unemployment rate of whites." (Curry et al 2022, p.80)

6. Concluding comments

In something of an understatement, "in the early days of a crisis, scientific advice may be necessarily uncertain: data may be unavailable, knowledge limited and time may be required for analysis to be conducted. In these circumstances it may be appropriate to act quickly, on a precautionary basis, rather than wait for more scientific certainty" (Health and Social Care, and Science and Technology Committees, 2021, p. 127). In the world of fundamental uncertainty, there is always uncertainty, and knowledge is always limited. People's behaviour in response to the experiences of COVID-19 and to policy initiatives

addressing the pandemic is further subject to uncertainty. Post Keynesians and many others have long recognised that the world is subject to fundamental uncertainty (rather than risk). Paraphrasing Donald Rumsfeld, there are known knowns, known unknowns, and the unknown unknowns. The COVID-19 pandemic had many elements of 'unknown unknowns' and also 'known unknowns'. The delays and false turns on policies could be attributed to the difficulties of decision making and implementation in conditions of fundamental uncertainty. But a pandemic, rather like a financial crisis, comes in the category of a 'known unknown' – that is a pandemic can be envisaged and a high probability attached to its occurrence at some time for which policy preparations can be envisaged. In a number of areas British policy preparations were grossly inadequate – a notably example being the lack of stock of PPE.

There was a strong package of fiscal measures was introduced which cushioned the effects of lockdown on unemployment. Fiscal policy temporarily disregarded obsessions with reducing deficits and public debt and acted in a socially responsible manner. It was accompanied by a programme of Quantitative Easing and interest rate close to zero which has had the eventual effect of higher borrowing costs for government than could have been the case.

The programmes of public expenditure had to be introduced rapidly to address the scale of the pandemic, but showed a lack of preparedness often leading to programmes being poorly designed and subject to fraud. The furlough scheme was generally successful and helped to minimise unemployment effects, and may serve as the introduction of such policies to the UK which can be drawn on in future crises. Other programmes, notably the 'eat out to help out', were failures.

The test and trace experiences illustrated the pitfalls of contracting out services which are in their nature public health programmes. The contractual arrangements for the purchase of equipment (particularly PPE) were riddled with inefficiencies and corruption. The vaccination programmes were generally deemed to be successful which is a tribute to the leading roles of institutions of the National Health Service, and the success of public provision.

The impacts of COVID-19 often illuminated the prevailing inequalities, and in many cases, notably education, significantly worsened those inequalities. There were often considerable

differences between ethnic groups in the experiences of COVID-19, generally to the disadvantage of minorities.

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Table 1: selected international comparisons (G7)

Country	Infection per 100,000	Deaths from COVID	Deaths per 100,000
UK	35250	194704	287
Canada	11545	46389	123
France	55297	153688	236
Germany	43206	154535	186
Italy	39640	179436	301
Japan	18019	47139	37
USA	29146	1060430	320

Figures to November 10 2022

Source: Worlddata.info

Table 2 Fiscal measures related to COVID-19 through to 27 September 2021

	£billions	%GDP
Additional spending • Funding for the National Health Service, including to expand the number of hospital beds, medical staff and equipment	100	
Forgone revenue • Waiver of VAT and customs duties on critical medical import.	2	
	102	14.4
Additional spending • Coronavirus Job Retention Scheme to subsidise furloughed employees' wages (initially for 3 months and extended several times until September 2021) and firms' social security contributions (until the 1st August 2020); • Income support for the self-employed (initially for 3 months, but extended too until September 2021); • Paid sick leave for self-isolating individuals and compensation for small firms needing to close for over 2 weeks, and support for low-income people in need to self-isolate. • Grant support for sectors impacted by local and national restrictions; • Support for low-income households by temporarily increasing Universal Credit and Working Tax Credit by £20 per week in 2020-21. The increase to Universal Credit was extended by a further 6 months from April 2021 and a one-off payment of £500 was provided to eligible Working Tax Credit claimants in April 2021; • Rent support by increasing the Local Housing Allowance; • International support, with £150 million made available to the IMF's Catastrophe Containment and Relief Trust and £2.2 billion loan to the IMF Poverty Reduction and Growth Trust to help low-income countries; • Government support for charities; • Cover the cost of 25 hours' work a week at the National Minimum Wage for six months for hired unemployed up to 24 years old. • Boost of Active Labour Market Policies, including 250,000 subsidized jobs for young people. • Entitle every diner to a 50% discount of up to £10 in August. • Public sector and social housing decarbonization and Green Homes Grant. • Support for low-income people in need to self-isolate • Funding of 40,000 traineeships and doubling the number of work coaches to 27,000. • Additional transfers to devolved administrations.	271	
Forgone revenue • Property tax (business rate) holiday for firms in affected sectors. • Temporary cut on stamp duty land tax until June 2021. • VAT reduced at 5% for hospitality, accommodation, and attractions until the end of September 2021, at 12.5% until March 2022, after which it will return to normal.	34	
	305	16.0
Accelerated spending • Bring forward public infrastructure spending to FY2020/21.	5	
Deferred revenue • Deferral of VAT for the second quarter of 2020 until June 21; • Deferral of income tax (self-assessment) of the self-employed until the end of January 2021. • Extension to reduced VAT rate for hospitality, accommodation and attractions (5% to 30 September 2021 then 12.5% to 31 March 2022) • Extension the window for starting deferred payments through the VAT New Payment Scheme by up to three months • Stamp Duty Land Tax: maintain nil-rate band at £500k until 30 June 2021, £250k until 30 September 2021 • Fuel Duty: one year freeze in 2021-22 Alcohol Duty: one year freeze in 2021-22	7.5	
	12.5	0.6

Contingent liabilities		
• The government has put in place a £1 bn program to support firms driving innovation and development through grants and loans. • The government has provided a £30 mn convertible loan to the steel company, Celsa.	1.3	
• The Coronavirus Business Interruption Loan Scheme (CBILS) launched with the British Business Bank supports SMEs with access to loans of up to £5 mn and for up to 6 years. The government provides lenders with a guarantee of 80% on each loan, and cover the first 12 months of interest payments and any lender-levied fees. • The Coronavirus Large Business Interruption Loan Scheme (CLBILS) provides a government guarantee of 80 percent to enable banks to make loans of up to 25 percent of companies' turnover, or up to £200 mn to firms with an annual turnover above £45 mn. • Under the Covid-19 Corporate Financing Facility (CCFF), the Bank of England will buy short term debt from larger companies. • The Bounce Back Loan Scheme will help SMEs to borrow between £2K and £50K for up to 6 years, with the government guaranteeing 100 percent of the loan and SMEs not paying any fees or interest in the first 12 months. The combined cost of the CBILS, CLBILS, CCCF, and BBLS was £112bn as of their expiration in end-March 2021. • In March 2021, a new government-backed loan scheme – the Recovery Loan Scheme (RLS) – was announced. The RLS is to help businesses of any size access loans and other kinds of finance, with up to £10 million per business. The government guarantees 80 percent of the financing. The scheme is open until 31 December 2021, subject to review, and is estimated to cost £12bn. • Trade credit Insurance for business-to-business transactions will receive up to £10 billion of government guarantees through the Trade Credit Reinsurance scheme. The scheme is for 9 months.	352	16.7

Source IMF (2022)

Table 3 Sectoral balances %GDP

Table 4: Death rates by quintile of deprivation

Quintile of deprivation	Deaths	Expected deaths	Excess Deaths	COVID-19 on death certificate
IMD1	288379	257628	30751	40925
IMD2	276752	251034	25718	37329
IMD3	282972	257536	25436	34663
IMD4	277429	253573	23856	33028
IMD5	257553	236073	21480	29960

Source: Calculated from Office for Health Improvement and Disparities: Covers period 21.03.20 to 23.09.22

Table 5 Death rates by ethnic group

	Deaths	Expected deaths	Excess Deaths	COVID-19 on death certificate	Excess deaths as proportion of deaths
Asian	50071	38860	11208	11872	0.224
Black	26767	20396	6361	5649	0.238
Mixed	6139	4796	1339	931	0.218
Other	5055	4320	741	884	0.147
White	1286827	1178363	108461	156321	0.084
All	1374851	1246734	128117	175686	0.093

Source: Calculated from Office for Health Improvement and Disparities