

Enjoy the summer: things are likely to get very much wo...

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I have already suggested that the UK, at least, has been enduring a phoney war with regard to the economic consequences of coronavirus. Furlough, loans to small businesses (in particular), and the initial onset of shock at the spread of the pandemic that led to an extraordinary rate of compliance with lockdown requirements, have all left the economy in a state of limbo. There can be little doubt that this will end over the summer as furlough comes to an end, and Treasury inspired measures to reopen the economy force it to do so far too early.

I have always been of the opinion that the reopening of the economy will be more dangerous than its closure. Businesses left without adequate working capital and facing impossible demands for social distancing both amongst their staff and customer bases, will simply not be able to make profits in the new environment that is being created, and millions of jobs will be lost. This, I think, is a certainty that we have yet to face.

There are, however, two other issues that we have not faced in this phoney war period, which might continue for a few weeks as yet. They also create a third consequence.

The first such issue is the likelihood of a second wave of coronavirus. Even the optimistic epidemiologist I have been talking to, who predicted that we would have negative abnormal deaths over the summer because people in care homes who might have died then would have already done so, is now talking about a second wave, and even a third. A wholly incompetent government that is simultaneously obsessed with central control and privatised delivery, which in this situation is a quite literally fatal combination, has ensured that we are completely ill-equipped to deal with this possibility, which could be at least as bad as the first wave.

There are countries that might avoid this second wave because they have sufficient public health capacity in place to take the necessary steps to protect their population. The UK, with its already disastrous death rate, has nothing like that, at least within England. Instead it has taken every possible step it can to prevent such a system being created, as has been evidenced by the gross mismanagement of the supposed track and trace system, which has been calamitous from the start. This fact, coupled with the

Cummings episode, has led to a loss of public faith that now makes the chance of avoiding that second wave close to zero.

The second issue is, of course, Brexit. Talks with the EU are appearing to fail, and very badly, mainly due to intransigence on our side, although I suspect that a little more flexibility from the EU might help. This was, however, almost inevitable from the moment when these talks had to be undertaken at a distance: there are some things that are simply bound to suffer from the lack of face-to-face opportunity, and this was one of them.

Leaving the EU was always going to create significant economic disruption for the UK, which was bound to come with the cost both in the short and long-term. Leaving the EU now, in the circumstances that we are in, is bound to be much more costly still, precisely because very few businesses will have had the opportunity of the transition period to make the adjustments necessary to manage the new environment, and as a result they will simply collapse under the burden that it creates. On top of the coronavirus impact this is a consequence that is almost impossible to imagine as to scale, but it is certain that it will impose an enormous cost on our society. 2021 is going to be torrid unless the government backs down and applies for a Brexit extension, when it will just become grim instead.

But, as I noted, putting these two issues together creates a third consequential risk. If we simultaneously suffer a second wave of coronavirus that is, like the first, worse than those of our European neighbours, and at the same time lose the advantages of free trade, then I fear that real obstacles to the free movement of food between the EU and this country will be put in place. Given that we import (depending upon the basis of estimate) between 50% and 80% of all our food, most of which arrives through the EU, the consequence of this is almost impossible to imagine.

In March I suggested that food rationing might be necessary as a consequence of coronavirus, thinking that such breakdown of free movement was likely at that time. I was wrong then, but think the chance is greater now. If the government is not planning for food rationing by Christmas then it is grossly negligent, because the need is easy to foresee.

But, knowing this government, the likelihood that what is required is being anticipated is low. As a result the phoney war will continue until it doesn't, and then the consequences might be very grim indeed. Serious food shortages are a very real possibility as a consequence of this disastrous coincidence of circumstances. Supposedly taking back control of our borders might impose a cost that no one could have envisaged. And there will be nobody to blame but the government.