

UK public debt: Pandemic profiteering costs workers' lives and incomes

Julie Hyland
30 July 2021

The costs associated with the Johnson government's response to the COVID-19 pandemic have exposed UK taxpayers to "significant financial risks for decades to come", according to the Public Accounts Committee (PAC), with the UK deficit set to reach a peacetime record of £372 billion in 2020-21.

This represents approximately 18 percent of national income. With the contraction in economic output in 2020 estimated to be the worst in more than 300 years, the total level of UK debt is likely to rise to 105 percent of GDP—almost double the level of government borrowing following the 2008/09 global financial crisis, which was followed by more than a decade of austerity.

The PAC report aims at even more savage levels of austerity, with its call on the Treasury to provide a "comprehensive framework for managing the risks to public finances... in its upcoming Spending Review."

To this end the PAC's report is predicated on a lie: that government borrowing was aimed at supporting "public services, workers and businesses" following the World Health Organisation's categorisation of COVID-19 as a pandemic on March 11, 2020.

In truth, Britain's ruling elite—as the world over—responded with criminal indifference to public services and workers' lives and livelihoods. Prime Minister Boris Johnson's government was the first to publicly admit to a policy of "herd immunity"—allowing the virus to spread through the population with virtually no protections.

This fascistic policy of state-sanctioned social euthanasia was the culmination of the class warfare begun under Margaret Thatcher and pursued for more than four decades by Labour and Conservative governments alike. As the Socialist Equality Party (UK) explained, "The government's sole concern was to use the pandemic to engineer a further transfer of social wealth to the banks and major corporations."

On March 17, 2020, Chancellor Rishi Sunak announced billions in "unlimited lending capacity" to big business and the rich. Having taken measures to protect the financial

oligarchy, the government, with the support of the Labour Party and the trade unions, immediately moved to end lockdown and re-open schools and workplaces.

The PAC's own report is forced to briefly acknowledge that out of 32 billion items of personal protective equipment (PPE) eventually ordered last year by the Department of Health in response to public outcry, nearly two-thirds remained unused in May.

The waste of PPE funds, often on useless stock, while "key workers" were left without epitomises the policy of malign neglect. Upwards of 900 health and social care workers have died since the pandemic began, many of whom were forced into workplaces where COVID-19 was rampant without basic protection. They are among the 150,000 people who have died from COVID-19 in the UK alone to date. Nonetheless, the government has removed all remaining social distancing measures, even as new and more deadly variants of the virus spread.

At the other end of the social spectrum, the rich have never had it so good. The total wealth of billionaires worldwide rose by 60 percent, from £3.6 trillion to £9.5 trillion, in the 12 months to March, the largest increase on record.

This is behind the phenomenon of pandemic profiteers, grotesquely highlighted by the competition between Richard Branson and Jeff Bezos to monopolise space as the private playground of the super-rich. These two billionaires are (notionally at least) based in the UK and US respectively, the countries with among the highest death tolls from COVID-19 in the world.

The PAC gives some indication of how this plundering has been facilitated. It estimates that £92 billion was delivered to corporations in government-backed loans under the direction of the British Business Bank. Some £26 billion is expected to be written-off at tax-payers' expense as the government used the pandemic to waive fraud and transparency checks, with then Health Secretary Matt Hancock secretly establishing a "VIP" high-priority lane for businesses endorsed by politicians or officials.

According to a *New York Times* estimate, of the

approximately 1,200 government contracts made public, worth nearly \$22 billion (£15 billion), about \$11 billion (£8 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.”

Lord Paul Deighton, former investment banker and Tory Party grandee, acted as the government’s PPE czar, helping “award billions of dollars in contracts—including hundreds of millions to several companies where he has financial interests or personal connections.”

This is the tip of the iceberg. Even the £59 billion provided through the furlough scheme was a subvention to major corporations, including Branson’s Virgin Active group, British Airways and other FTSE 100 firms, who took the money while cutting workers’ wages or making them redundant.

The lobbying scandal around former Tory Prime Minister David Cameron and the now collapsed Greensill Capital partially lifted the lid on the levels of financial parasitism. According to the National Audit Office, Cameron and government ministers applied “unusual” pressure for Greensill to access COVID loan schemes, with a total of £400 million channelled to multiple companies linked to GFG Alliance, owned by the billionaire Sanjeev Gupta, before the finance company collapsed.

Other examples include the grossly misnamed Track and Trace system. At least £37 billion was allocated to NHST&T (NHS Test and Trace), principally run by 22 private companies and overseen by Tory peer Baroness Dido Harding. Described as the “biggest gravy train in history”, its consultants received as much as £6,624 a day to preside over a system demonstrably unfit for purpose.

The one area that the PAC can point to where government spending has benefited public health, the vaccination programme, is also an arena for the appropriation of public funds and pooled scientific expertise by the financial oligarchy.

At least 97 percent of funding for the development of the Oxford/AstraZeneca COVID-19 vaccine came from public or charitable funds, with millions more provided by the government to fast-track its roll-out. In May, shareholders (of which Lord Deighton is one) agreed a hike in CEO Pascal Soriot’s pay package from £1.3 million to £15.45 million. Small wonder Johnson boasted privately to Tory MPs, “The reason we have the vaccine success is because of capitalism, because of greed my friends... It was giant corporations that wanted to give good returns to shareholders”.

There has been much talk of “cronyism” in response to such revelations. The more appropriate term is kleptocracy—the form of government associated with

dictatorships and military juntas whose political leaders steal public funds to enrich themselves and their corporate backers.

The PAC report has been greeted with demands for cuts in public spending, wage freezes and the slashing of welfare benefits and pensions to “get public finances back onto a sustainable path.”

Millions face public sector wage freezes and the gutting of pay and conditions through “fire and rehire.” In October, the furlough scheme, currently supporting approximately two million people, ends. According to the Institute for Fiscal Studies, many of those earning an average of £20,000 per annum pre-furlough will see their incomes plunge to £3,885 pa.

In the same month, the government intends to withdraw the miserly £20 “COVID” increase in Universal Credit, paid to unemployed and low-earning families, in what the Joseph Rowntree Foundation describes as the “biggest overnight cut to the basic rate of social security since the Second World War.”

State pensions, already the lowest in western Europe at 28 percent of the average wage, are to be slashed as the government moves to end the “triple lock” guarantee, which lifts pensions each year by 2.5 percent, the rate of inflation or average earnings growth, whichever is largest.

The Labour Party’s silence on these attacks is a continuation of the support it has provided to the government throughout the pandemic. Likewise, the trade unions, which have utilised the pandemic to deepen their corporatist relations with government and big business, at the expense of workers’ health, pay and conditions.

The COVID-19 pandemic has laid bare the reality that there are no “national interests”, only class interests. The fight against the pandemic and its socially devastating consequences necessitates workers organising independently of the parties of big business in a unified struggle with their class brothers and sisters internationally to seize the ill-gotten wealth of the super-rich and reorganise society on socialist foundations.



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