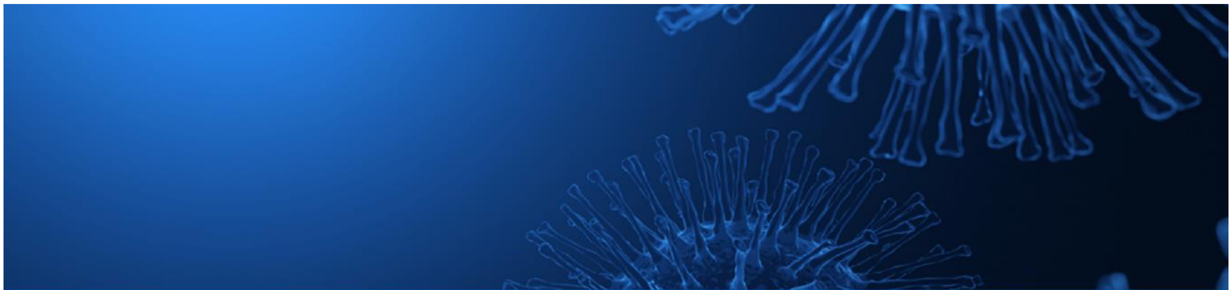

COVID-19
UK Political Analysis

By Tim Hames, Senior Adviser | 11th December 2020

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A Year On. Where the Government stands as 2020 draws to a close.

In the circumstances, it might not seem in the very best of taste for Boris Johnson and the Conservative Party to celebrate the first anniversary of their general election win tomorrow. The country is still in the throes of the coronavirus crisis (albeit with the hope that has come with the start of the mass vaccination campaign). This is compounded by rising concerns as to whether there will be a Free Trade deal with the EU at all, and what a no deal outcome would mean in practical terms when we reach 2021. Added to these intense external shocks, the Government has also seen considerable factional tensions inside Downing Street itself, with the departure of Dominic Cummings from his position.

It is clearly far too soon for any assessment of what all of this will eventually mean for domestic politics. On coronavirus alone, while the phrase “light at the end of the tunnel” has been repeated to a point of exhaustion, the truth is that no one can be quite sure how long that tunnel might be and the extent to which some measures which would have been considered distinctly abnormal a year ago – such as an element of social distancing and the widespread use of facemasks – will have to continue even after mass vaccination has been completed, or how frequently mass vaccination will need to occur.

So, the Government clearly faces an agenda that it never anticipated, and can hardly be blamed for not having expected, at the end of 2019. It involves key political elements.

EXECUTIVE SUMMARY

- The 2019 election outcome was a remarkable one in terms of its political geography and the social composition of the Conservative electorate. It has, therefore, created a new challenge in terms of how to retain that support.
- There has been a significant movement in the opinion polls in the past six months so that the Conservative Party and Labour Party are close to even. This is not, though, due to noteworthy levels of switching between the two parties.
- An unknown element is whether the completion of the Brexit process (with or without a free trade deal) means that voters who realigned their party support on the basis of the issue now feel at liberty to reassess this position again, or whether Brexit is a symbol for a much broader change in some voters' attitudes.
- The mass vaccination programme that has started offers, if it is seen to proceed relatively smoothly, a chance for ministers to recover territory that they have lost in 2019 due to increased scepticism about the competence of execution of policy. An uninspiring outcome on this front would, however, probably have a more dramatically adverse effect than the difficulties encountered this year.
- The balance of probability is that 2021 will witness both an unusually high rate of growth (as the economy starts to see restrictions on activity eased) and a surge in unemployment (as the furlough scheme ends and it becomes clearer which businesses and sectors will never recover fully from the coronavirus crisis). This is a very atypical combination and its political impact is thus very hard to predict.
- The reality is that managing the transition from where society is now to what will become, at least to some degree, a different sort of ultimate "normal" will take up much of next year. The point at which the Government can really set out a post-pandemic political agenda may well not be until a late Autumn Budget. In many respects, therefore, what should in ordinary circumstances have been a five year Parliament will turn out to be closer to a three year one, slicing back the amount of time available to demonstrate delivery to new Conservative voters and in the context of an enormous change in the nature of the public finances. While ministers will undoubtedly stick to their "levelling up" theme, it will be much harder to implement than they would have thought twelve months ago.

The legacy of the 2019 election result.

The extraordinary nature of events since December 12th, 2019 has made it easy to forget quite what an astonishing political occassion the outome of that general election was. This was not due to the overall Conservative percentage of the popular vote (at 43.6% up only modestly on the 42.4% that Theresa May secured in 2017) or size of the majority (which exceeded expectations but was lower than Margaret Thatcher won in 1983 and 1987 and much lower than Tony Blair obtained in 1997 and 2001), but in its internal composition. Besides the role of age in determining voting (which was more forceful still in 2017), three features really stand out, namely geography, social class and education.

The geographical aspect is stunning. In its traditional heartland of the South West, South East and East of England, the Conservatives seized very, very few marginal Labour seats. In London, it made no net progress. In the admittedly complete unique circumstances that is Scottish politics, there were seven Conservative losses. Almost all of the net 48 seat advance that the Conservatives obtained came in the North of England, Midlands and a slice of Wales. The swings to them in this “Red Wall” terrain were far larger than anything that they could run up in seats which on paper they were better placed to snatch in southern England. This leaves the party with a very different political map.

This is partly a reflection of a staggering shift in social class and income level voting. According to the YouGov post-election data, not only did the Conservatives prevail among social class D/E voters, they did so by a wider margin over Labour (47%-34%) than was true for A/B electors (42%-32%). This reverses everything which was once deemed to be bedrock about British voting patterns. Put a different way, YouGov found that those earning £20,000 or lower had supported the Conservatives over Labour by 45% to 34%, while those with incomes of £70,000 plus had only done so by 40% to 31%. This outcome was largely driven by affluent but pro-Remain voters being more willing to abandon historical ties to the Conservatives and back the Liberal Democrats in 2019, while traditional Labour voters were willing to bolt to the Conservatives this time.

This is reinforced by an unprecedented change in voting alignment according to the extent of educational attainment. The YouGov findings suggest that those whose qualifications finished at GCSE or lower backed the Conservatives over Labour by a crushing 58% to 25% margin, others, whose formal education went beyond GCSEs but not as far as a degree, went for the Conservatives by a still imposing 48% to 31% edge, while who had obtained at least one degree went for Labour by a 43% to 29% advantage.

Even before the existence of COVID-19 emerged, the Conservatives had the challenge of satisfying a very new and potentially quite volatile set of recent converts. They were also aware that the process by which those defections had occurred had been eased by the antipathy much of this section of the electorate felt towards Jeremy Corbyn personally, but that he would not be a factor when ballot boxes next opened at a general election. They would need to maintain their new set of voters without his accidental assistance.

Where are the opinion polls now?

In the early days of the virus crisis, the approval ratings for the Government (as was true for incumbents throughout the world, with the notable exception of the United States), the Prime Minister and Conservative Party shot through the roof. By the summer they had begun to return to more typical numbers. Since September they have been stable.

That stability has involved the Conservatives and Labour being close to a dead heat but with a slight lead for the Government. Of the last twenty published polls (for Great Britain, not the whole United Kingdom), the Conservatives have been in front in 11, Labour have had their nose ahead in six and the two have been tied in three cases. The Conservatives have been in a typical range of 38%-40%, Labour at 36%-38%, the Liberal Democrats 6%-8% and what is still generally referred to as The Brexit Party at 2%-5%.

A recovery to virtual parity within a year of a heavy election defeat is a real achievement for the Labour Party. These figures come, nonetheless, with some interesting caveats.

The first is that there has not been that much direct switching from the Conservatives to Labour. The main drain on Conservative support has been sections of its 2019 vote now declaring themselves to be “Don’t Know” or “Undecided”. There is some evidence that this may be disproportionately true for “Red Wall” electors (the most recent survey by the academic British Election Survey hints at this, although the data set is from June). In a sense, this is reassuring for the Government, but if sections of the electorate become even more disenchanted with them then “Undecided” could turn out to be, to borrow a phase, a transition period before an outright withdrawal of electoral approval. That said, there is a very long time left to run until a general election which could wait until 2024.

The second is that in almost all of the opinion polls where Labour has taken the lead, The Brexit Party tends to be at the higher end of its 2%-5% spectrum. It is reasonable to assume that there is a small segment of the 2019 Conservative vote which does not agree with the COVID-19 restrictions imposed upon personal freedom and economic activity and which regards Nigel Farage as the only figure of any fame stating their case.

The final aspect is that the vast majority of the additional support that Sir Keir Starmer and the Labour Party have accumulated in 2020 has come courtesy of the Liberal Democrats, whose disappointing showing of 12% of the vote in Great Britain in 2019 has actually turned out to be their high point over the past twelve months. This is clearly welcome but comes with its complications for the Leader of the Opposition. For a start, there is not much more of this backing to draw off as the Liberal Democrats are at about 6% or 7% in the standard opinion poll and they must have some sort of floor to their support below which they will not fall. Added to which, the reason why many of those who have now left the Liberal Democrats for Sir Keir’s version of Labour is his previous resolute adherence to the Remain cause in general and second referendum in particular. Yet these are not traits which he knows would be wise to advertise to Red Wall voters. Sir Keir has the potentially awkward need to retain the support of those who were most passionately in favour of remaining in the EU while reaching out to some ardent leavers.

Will the Brexit effect start to wear off in 2021?

Sir Keir’s dilemma would be lessened considerably if either the Brexit effect on British politics started to wane because a complete departure of the UK from the EU had been accomplished and was accepted as an established fact on all sides, or if the public were to come to the conclusion quite swiftly that it had been a mistake and to allocate blame to those who were sensed to have oversold the case for leaving the European Union. In the first instance, the task for Labour is simply to convince its former voters that if they return to the fold the party will not attempt to find an overt or covert mechanism for resuming membership or semi-membership of the EU. In the second, Sir Keir would have more room to tack in a direction that remainers would like with less fear of electoral loss.

Life may prove to be less straightforward than this. How Britain is performing after Brexit will be much more difficult to measure than if the coronavirus crisis had not happened. Unless there are spectacular and extremely visible consequences, such as roads totally paralysed as the new regime comes in, Brexit might continue to play second fiddle to the COVID-19 crisis in the early part of next year as it has done over the last nine months.

There are reasons to think that the Brexit effect will not simply disappear whether the departure is considered to be smooth or shaky. How people think of the outcome will be shaped by whether they were for or against leaving the EU in the first place. If there are difficulties, there is almost certain to be a blame-game as to whether the UK's decision to leave, or the actions of the EU after 2016, should be deemed the more relevant. In so far as the full resolution of Brexit is viewed as a factor in the very probable SNP victory in the 2021 elections to the Scottish Parliament, and a demand for a further independence vote thereafter, it could be very disruptive in the relationship between England and Scotland.

There is, furthermore, evidence that Brexit was a symbol or a symptom of something else for many working class electors who voted to leave in 2016 and then swapped to the Conservatives in 2019 to be sure that what they had sought then was implemented. There are strong signs that the EU became part of a cocktail of issues including levels of immigration, the decline of towns versus cities and a weakening of traditional social values, felt most forcefully by older white citizens, which led them to realign their vote. If so, then Brexit coming to pass will not end the appeal of the Conservatives to them.

The electoral politics of the mass vaccination phase of the COVID-19 crisis.

The main reason for migration from the Conservative Party to “Undecided” appears to be dissatifaction with the Government over the COVID-19 crisis. The wording of the questions asked by pollsters on this varies, but if one takes the percentage of the adult public which thinks ministers are handling the situation “well” or “fairly well” then approval reached a peak of 72% in April and fell back sharply to 32% in October.

This decline appears to be less about the content of policy than perceived competence of implementation. The public strongly approved of the first lockdown. It broadly backed the phased lifting of the lockdown thereafter. It (wearily perhaps) accepted the need for restrictions to be reimposed in early Autumn and then the lockdown in England after that. The decision to move back to tiers has not been met with heavy disapproval as a concept (although opinion as to which tier the place where the voter lives should be in probably is a subject of contention). There are sections of the electorate that favour either tougher rules until the virus is as eradicated as it can be, or who think that the economy has been unduly damaged out of exaggerated fear of the virus, but for now all of the mainstream political parties have adopted a stance between these positions.

The damage to the standing of the Government has instead reflected frustration and fatigue at the delivery or not of individual aspects of COVID-19 policy. These have included the scramble to acquire adequate supplies of personal protective equipment in the earlier months of the crisis (this seems to be far less of an area of public concern as of now), the overall level of testing (which again, while it has not disappeared, is not coming through in the polling as it once did) and the effectiveness or not of the system of testing and tracing (which is plainly at the front of public disatisfaction right now).

The mass vaccination campaign that has just started has the potential to reset, in part, the narrative. The quest for a vaccine has been one of the Government’s better cards in this crisis. It can point to very large investment on what could have proved a false trail from a very early stage. The UK has been the first country in the world to approve a new vaccine. This may soon be followed by the endorsement of another, home-grown, one.

Although other nations have claimed to have launched vaccination campaigns already, the UK is the first to do so with a vaccine where its merits are internationally recognised.

This has already had the effect of stimulating a modest uptick in public approval for the official handling of the crisis. It would be surprising if the formal launch of the mass vaccination drive this week did not benefit ministers to any extent at all. The challenge, as everyone in Whitehall is all too aware, lies in managing expectations as to how much time will have to pass from the beginning of mass vaccination to its completion, the speed at which social and economic restrictions can be withdrawn and the extent to which some “abnormal” features of life will have to be maintained, possibly forever. Above all else, ministers need the mass vaccination effort to be seen to be working well when it starts to reach maximum scale in the first few months of next year and for the opportunities for the media to make unflattering comparisons with its efficiency in comparison to other developed nations when they start vaccinating to be limited.

Mass vaccination is hence a double-edged sword. If it works well and there is an orderly transition to a much more normal situation then that should, rationally, be a bonus for the Government. If it is seen as a relative failure, then it could be the trigger for the sort of collapse in public confidence that cannot be restored which the Winter of Discontent in 1978/1979, the ejection of Sterling from the ERM in 1992 and the global financial crisis with consequent recession in 2008/2009 proved to be for the Government of the day.

The atypical 2021 UK economy.

In typical circumstances, an economy which was expanding at a substantially higher rate than the approximately 2% trend level would be associated with higher employment. It is true that there is often a lag between an acceleration of growth and a larger number of jobs, but eventually the two features of strong growth and more employment do align.

That may well not be the case in 2021. While hopes of a pure “V-shaped” recovery have been dashed by the second wave of the virus and the measures reintroduced to contain it, there is a universal expectation that as the impact of mass vaccination is felt and the social and economic restrictions start to ease significantly that there will be a rebound in economic activity, even if the economy does not recover to its March 2020 point until the second half of 2022 (the central forecast of the Office for Budget Responsibility). There has obviously been a sizeable amount of consumer spending foregone in 2020 as the first response of much of the public to the crisis was to dig in for what would be a haul of unknown duration. To that extent, 2021 could witness a form of mini-boom.

It will not be a conventional one. There will be a very large number of companies, concentrated in certain sectors, which will not recover from the events of 2020. That carnage is being deferred and disguised by the various forms of emergency support from the Government that have been introduced and extended this year, notably furloughs. It is possible that they will last beyond their latest deadline of next Spring but they will not continue indefinitely. Once the various schemes have begun to be phased out, the impact on unemployment will become apparent. The best case scenario from the Office for Budget Responsibility is for a peak of 5.1% to be reached in the second half of 2021. The central assumption – which most economists consider to be more realistic – is that the peak will be much higher, at 7.5%, and will come a little later during next year.

How will the politics of this Janus-faced economy play out? Will it come down solely to the sense or not of security of employment? Will ministers or the virus get the blame? Rising unemployment in the 1980s and 1992 did not cost the Conservatives office then, but in that era they had a much more robust base of support among social class A/B electors than they do today and there was no former Red Wall to be kept on board. The politics of high unemployment, especially if it persists into the middle of this decade, combined with an upswing in growth for 2021 and 2022 are extremely hard to predict.

Conclusion - The Three Year Parliament.

The agenda for the first year of this Parliament has been knocked sideways by the COVID-19 crisis. This will be true for at least the first six months of this year as a phased transition occurs away from a highly restricted society and economy back in the direction of a more liberalised and "normal" one. We do not know what sort of changes to our lives it will not prove possible to reverse completely. The eventual effect on politics is equally perplexing. It is a fair conclusion that ministers will not really be in a place where they can turn all of their resources onto the “levelling up” initiatives that they had hoped and expected to make the hallmark of this term in office until the second half of 2021, and perhaps not until a Budget which may not be delivered until November. To that degree, they will have three years in which to do what would have been a five-year plan. A set of political ambitions which were always hard have become even tougher still.

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