

Britain's grim statistics of pandemic



KAMAL AHMED

A columnist-turned-politician who has never fallen short of words and expressions, in both writing and speaking, suddenly gave up his attempts to provide an appropriate response to the grim statistics of over 100,000 Covid-19 deaths in Britain. On Tuesday, British Prime Minister Boris Johnson ended up saying, "You'd exhaust the thesaurus of misery. It's an appalling and tragic loss of life." He, however, claimed his government did everything it could to minimise deaths. And the reaction to his claim has been fierce.

Scientists, opposition politicians and victims' families say a series of "poor decisions" made before and during the pandemic led to one of the worst death rates in the world. It is worth noting that though this official figure already is the highest in Europe, there is another set of accounting—also compiled by a government agency, the Office for National Statistics (ONS)—that shows an even higher body count, by at least 20 percent.

It is difficult to grasp how a country universally praised for providing quality medical care to all its citizens, through an institution called the National Health Service (NHS), could have performed so abysmally in handling Covid-19. After China, Britain is the second country that had successfully put up a 4,000-bed hospital within a week to cope with the first surge of the pandemic. Throughout the yearlong pandemic, it has been at the forefront of procuring medical equipment, PPEs and all other provisions. Britain is also at the forefront of medical research and produced one of the first effective vaccines to fight the pandemic. It is the first country that started a nationwide inoculation programme about a month ago, and has already vaccinated one in ten of the population.

Britain's death rate, however, has exposed its worst weakness, which, according to the opposition leader Keir Starmer, is that the government has stayed behind the curve throughout the pandemic and failed to take control over the virus. In a parliamentary question, he elaborated by saying that "the

prime minister was slow into the first lockdown last March, he was slow in getting protective equipment to the frontline, slow to protect our care homes, slow on testing and tracing, slow into the second lockdown in the autumn, slow to change the Christmas mixing rules, slow again into this third lockdown, delaying 13 days from 22 of December before implementing it. And I fear that he still hasn't learned that lesson."

It was not just the opposition party, but the media too was scathing about the government's inept handling of the crisis. Perhaps it was best summarised by the Financial Times when it wrote: "The reasons for this grim accounting are by now well-rehearsed. Boris Johnson's government was slow to recognise the seriousness of Covid-19, slow to mobilise resources against it, slow to impose border restrictions, slow to boost testing

capacity, and slow to order a national lockdown. It came out of that lockdown too early—with infections higher than those of European counterparts at the same stage—failed to put an effective test-and-trace system in place, and was slow again to go into a second lockdown in November. It cannot be blamed for a contagious new variant emerging in Kent, but its handling of this, too, has been fumbling."

Call-in shows on radio and television are filled with voices of despair and anger. One doctor blaming the government told ITV's Good Morning Britain show that he had to witness three deaths from three generations of a family who got infected during the Christmas window. It was the period when the government allowed family union with variations according to its tier system based on severity of infection in regions, despite

strong warnings from the scientific community. Many are now alleging that the government underestimated the threat of the new, more contagious variant of Covid-19, and knowingly allowed pre-Christmas easing of regulations. Though ministers have argued that the new variant propelled the country's fatality rates, experts say slower response was the reason for the prolonged sufferings and high rate of human lives lost.

Britain launched its mass-vaccination campaign on December 8 and has achieved inoculation of almost 7.5 million elderly people and health workers. But the race between vaccinating the population to get out of the pandemic and curbing new infections is proving very hard. Government advisers are now warning that another 50,000 deaths are possible, unless strict health rules are enforced. In this context, Britain has now banned holidays abroad for all citizens and returnees from 30 countries are subjected to 10 days of quarantine at government-designated hotels at their own costs. Most of those countries are in Africa and South America where newer variants have been detected, first found in South Africa and in Brazil, which are thought to be deadlier than others. Keeping London open to air travellers was seen as a major lapse in government's efforts to tackle the spread of the virus.

One other factor that hindered swifter action on the part of the government is the resistance against lockdown within the Conservative Party. A group of powerful MPs including former leader Iain Duncan Smith have long been making economic arguments over saving lives. They were lobbying for shielding the vulnerable group of elderly population and keeping all other businesses open. Moreover, there was an ideological question over widening opportunities for the private sector as well as the shrinking role of the government. It has resulted in awarding track-and-trace operations to private companies which lacked experience and skills in health services and failed to deliver desired outcomes.

The Johnson government is now facing intense pressure for a concrete plan and strategy to make sure that Britain does not face another surge and more lockdowns. But for others, there's a lot to learn from the British experience, in particular, of lying behind the curve of the infection.



Workers dig graves at a cemetery amid the spread of the coronavirus pandemic in London, Britain, on January 11, 2021.

PHOTO: REUTERS/TOBY MELVILLE

Kamal Ahmed is an independent journalist based in London.

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Whither global finance? Look at the US dollar



ANDREW SHENG

WHERE is Wall Street going in the post-pandemic world? Finance is supposed to serve the real economy (Main Street), but the US and global economies are in the midst of a pandemic and recession, while Wall Street profits are

higher than ever.

The pandemic has exposed many of the flaws of the current financial system. The New York Times columnist Thomas Friedman called this "socialism for the rich and capitalism for the rest". How does this work? The United Nations Sustainable Development Goals to tackle social inequality, climate change and living standards by 2030 demand major reforms to the global financial system. Financing for development is daunting for various systemic or structural reasons. But most of the barriers are political.

The rise of neoliberal free market philosophy since the 1970s boosted globalisation, which pushed for deregulation of finance, labour, production and service markets, alongside trade liberalisation. Globalisation has benefited many countries, but the benefits were unevenly distributed.

Financialisation or globalisation of Wall Street practices rose with the global growth of American banking and finance. In the 1960s, the American corporate push to Europe and Japan created the Eurodollar market. American banks became global bankers, receiving deposits in dollars and lending with fat margins back to banks and corporations globally.

In the 1970s, American banks innovated into investment and private banking. Unfortunately, their excess lending to Latin American governments led to the 1980s Latin American debt crisis. When competition arose from Japanese banks, American and European banks created the first Basel Accord on bank supervision to ensure that all banks competed

on equal terms. It was Japanese bank excess lending domestically and in Southeast Asia that fostered the Asian financial crisis of 1997/99. During this period of financial de-regulation, financing innovation came in the form of derivatives (what Warren Buffett called weapons of mass destruction) that turbocharged leverage.

All this came down like a house of cards during the 2007/2009 global financial crisis (GFC). The leading central banks stepped in to rescue the system, but instead of punishing the bad guys, their monetary creation lifted all boats. With interest rates down to near zero, amidst huge liquidity, governments gave up austerity and fiscal deficits rose.

The result was hyper-financialisation, growing concentration, inequality, worsening climate change and fatter profits for Wall Street. Note that after 2007/9, Swiss, German, British and European banks all ceded investment banking to the top few

American investment cum universal banks like Goldman Sachs, JP Morgan and Morgan Stanley. The post-GFC Basel 3 regulatory reforms covered the systemic banks, but completely missed out the non-bank financial institutions. The top American asset managers now manage more assets than even the largest Chinese banks.

The link between financialisation and growing inequality is often underappreciated. First, as Thomas Piketty famously revealed, inequality rises as long as "r" (the return on private capital) is larger than "g" (GDP growth rate). Financialisation plays a critical role on "r", because the return on equity can be turbocharged through leverage. Second, as UNCTAD data showed, between 1995-2018, developing countries earned 2 percent less on their gross external assets, while paying 2 percent more on their external debt, giving rich-country lenders essentially a 4 percent margin.



The global financial system and real economy are entangled with the US dollar, which is a US exorbitant privilege but a global boon and bane!

FILE PHOTO: REUTERS

Since the dollar forms 65 percent of total foreign exchange reserves and 80 percent of developing country international securities issued, the future of the dollar is critical to both global economic recovery and financial stability.

This margin also happens at the retail level in almost all markets. Third, capitalism values capital more than labour, so the share of wage in total income has declined between 1990 and 2017. The profits of the corporate and financial sector have increased proportionately, but they are largely concentrated today in the tech and services sectors in the rich economies.

In short, for the poor and most emerging economies (the rest), financial capitalism meant losing out on their wages, income and savings. Financialisation has become a "head I win, tails you lose" for the poor, with central banks underwriting the rich with massive quantitative easing. No wonder populist protests have broken out in both poor and rich countries alike.

The current mess can be summed up as a situation where we have the highest global liquidity in history, and yet we cannot finance our long-term development needs nor solve our rising inequality. As central banks can print USD 8 trillion in 2020 with no impact on inflation, money or liquidity is not an issue. Regulatory constraints and banker

caution mean they do not want to lend out long term and take more risks. The poor everywhere is lamenting like the Ancient Mariner dying of thirst adrift in the sea: "water, water everywhere and not a drop to drink."

The US dollar plays a central role in the current global financial system. The US is the too-big-to-fail debtor to the rest of the world, with a net liability of USD 14 trillion at the end of September 2020, thus providing important dollar liquidity for the world. This grew by USD 3 trillion in the last 12 months alone. Since the dollar forms 65 percent of total foreign exchange reserves and 80 percent of developing country international securities issued, the future of the dollar is critical to both global economic recovery and financial stability. Volatility in the dollar, return of higher inflation, debt defaults or cyber crashes all could throw the global financial system in jeopardy. The US depends mostly on printing US dollars to solve emerging problems. US public debt grew USD 4.5 trillion in 2020 alone. The Fed can print, but will the rest of the world be willing to fund further debt growth without higher risk premia?

Simply put, the global financial system and real economy are entangled with the US dollar, which is a US exorbitant privilege but a global boon and bane. You cannot get global recovery without major reforms to the global financial system, but you cannot get the latter without US consent and cooperation. Thus, the ball is truly in the court of the Biden administration. To restore US growth and leadership, and to secure the dollar's future to continue financing US structural debt, the US needs the rest of the world, as much as the world needs the US.

No one should envy US Treasury Secretary Janet Yellen in the coming days.

Andrew Sheng is an honorary adviser with the CIMB Asean Research Institute and a Distinguished Fellow with the Asia Global Institute at the University of Hong Kong. He writes on global issues for the Asia News Network (ANN), an alliance of 24 regional news media titles including The Daily Star.

QUOTABLE Quote

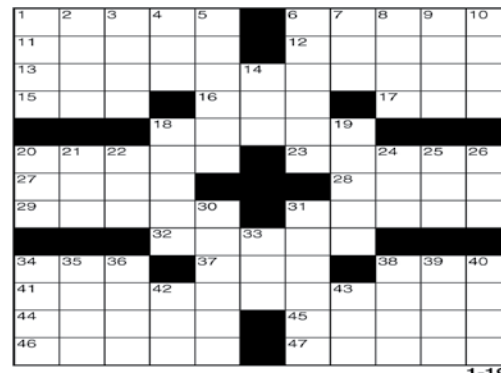


BARBARA TUCHMAN (1912-1989) American author and historian.

The better part of valor is to spend it learning to live with differences, however hostile, unless and until we can find another planet.

CROSSWORD BY THOMAS JOSEPH

- ACROSS**
- 1 Latin land
 - 6 Great!
 - 11 Shark's home
 - 12 Madrid museum
 - 13 Overly sensitive
 - 15 Junior, to senior
 - 16 Take the prize
 - 17 Print measures
 - 18 Handed over
 - 20 Humidior item
 - 23 Radio dial
 - 27 Sneaker problem
 - 28 Not wild
 - 29 Spoil
 - 31 Carry on
 - 32 Curbside pickup
 - 34 Cry loudly
 - 37 Burro
 - 38 Cain's mother
- DOWN**
- 1 Young ones
 - 2 Canyon sound
 - 3 Horse strap
 - 4 Galloped
 - 5 Solution
 - 6 Small piano
 - 7 Coffee dispenser
 - 8 Window section
 - 9 Genesis garden
 - 10 Reactor parts
 - 14 Young one
 - 18 Rock unit
 - 19 Kind of doors or oven
 - 20 Machinery part
 - 21 Wedding words
 - 22 Dollop
 - 24 D.C. baseballer
 - 25 Aussie bird
 - 26 Workout unit
 - 30 Ducks' mates
 - 31 Rate
 - 33 Volcanic dust
 - 34 Leave speechless
 - 35 "Dear me!"
 - 36 Auction actions
 - 38 Falco of "The Sopranos"
 - 39 Sell
 - 40 Tense
 - 42 Stage prompt
 - 43 Impress greatly



YESTERDAY'S ANSWERS

C E N T R A L W A L L
M A R I A A L I A S
E N A C T G E E S E
D A S H E S S H E
I D E E L A S T E D
C A R R A T I O S
P O S T S
G E I S H A A S P
C A T E Y E A S T O
A S H A S A S H E S
S H A F T S T O R E
T E N O R T E R N S
S E X Y A R E S

BEETLE BAILEY



BY MORT WALKER



BABY BLUES



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