

## [Transcript] The News Agents / Why is Rishi Sunak taking the Covid inquiry to court?

This is a Global Player Original Podcast.

When we last met on Thursday, the weird battle between the Covid Inquiry, Rishi Sunak and Boris Johnson was, little did we know it, only just warming up. The chatter then was that the Covid Inquiry would be taking the government to court in order to get the documents they wanted. Instead, it turns out it's the other way around. In an unprecedented move, the government will litigate against one of its own public inquiries, perhaps the most important public inquiry to ever take place.

So today's question is very simple. What the hell is going on? It's Lewis here. Welcome to the newsagents.

The newsagents.

Right, that is one big question we're going to be delving into on the show today, but we're also going to be chewing over another big meaty question on this weekend newsagents. Never let it be said. We go easy on you. That is, are we all sleepwalking into a mighty house price crash? That's coming up later. But first, like the proverbial flies, we are drawn back to Boris Johnson. Two major updates. Last night, there was this. Now, fortunately, I was doing the LBC drive show so I could break it myself.

Extraordinary breaking news in the last, what, sort of 15 minutes or so, where the Cabinet Office confirming that they will take the COVID-19 inquiry to court over WhatsApp messages that the inquiry is saying that the government must disclose.

So as I say, when John and I spoke about this on Thursday, we thought it might be that Lady Hallett, the chair of the inquiry, the person the government chose to oversee this inquiry, would be the one taking ministers to court, demanding that they hand over all of Boris Johnson's unredacted communications and those of one of his then number 10 aides, Henry Cook. Instead, we now know that it will be ministers, the Cabinet Office, taking the inquiry to judicial review. In their statement, the government argues that, quotes, the request for unambiguously

irrelevant material goes beyond the powers of the inquiry. They said it represents an unwarranted intrusion into other aspects of the work of government and a breach of staff and ministers' legitimate expectations of privacy and protection of their personal information.

Their statement insists that individuals, junior officials, current and former ministers and departments should not be required to provide material that is irrelevant to the inquiry's work. But Baroness Hallett rejects this. She says it is for her to decide what is relevant and what isn't. She says, rightly, that the terms of reference for her inquiry are broad and therefore, so should be, her access to all the documents she wants and then to add mud to already blackened waters on Friday morning. This happened.

In the last literally two minutes, though, we have had a letter that has been published from Boris Johnson's team, essentially a letter going from the former prime minister to the COVID inquiry, which I can read you part of now. It is essentially saying that he will be sending the inquiry all of the unredacted WhatsApps that he has provided to the cabinet office and he would do the same with any material that may be on an old phone. So Boris Johnson decides to go around Sudak and just hand over the documents himself. This three-way onslaught makes the Bermuda Triangle look friendly? How can it be that the government is taking its own public inquiry to court? To repeat, this has never happened before. There have been literally hundreds and hundreds of government inquiries. No

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government has ever set one up and thought, you know what, I'll see you in court. And remember, this wasn't supposed to be some antagonistic body. It was supposed to be the place where we, those whose lives were shaken and sometimes shattered by the decisions the COVID government made, got answers. History got its first draft and means of ministers occasionally shutting down questions. When the time is right, there should be a full and independent inquiry. The right way for these things to be looked at is the COVID inquiry. Oh, I'm not answering now because there's going to be an inquiry when we can go through everything properly. Government has cooperated with inquiry. Tens of thousands of documents have been handed over. We won't have died of COVID, we'll have died of old age before this inquiry is finished if it carries on at this rate. And public inquiries rely on public buy-in. They rely on all sides accepting its legitimacy. The risk from the get-go is that this is now undermined. The risk for Rishi Sunak is he's already lost control of the politics around it. Lara Spirit is reported for the Times and Times Red Box morning email and she stepped into newsagents HQ to help us understand what is really going on here. Yeah, it's very interesting. I think it's correct to describe it as that kind of triangle of different actors who are all saying that the other has said something and the other one's saying, well, I've said X, Y, Z and Boris Johnson is perhaps the most interesting of the three of these actors because he has maintained over the course of this week publicly that he is unambiguously happy for this material to be given to the Cabinet Office, that he wants to disclose it, that he wants to see it considered by them in full. He's basically said emphatically, you know, this is the Cabinet Office's decision, it's not mine. And he's sort of been hinting at getting towards this latest position that we've just seen, which is that he's sent it all himself over the course of the week when he's been saying, I'd be happy to and then I have and actually now at this point, you know, I'm going directly to the inquiry. So he's showing them up in a sense, right, which I'm sure is not something that he will be especially displeased about, but he's basically showing them up because they are fighting on the surface, they're kind of fighting this battle for him and for the government. And yet he has said, perhaps because he's concluded that this was a battle that ultimately was not going to be won. He just said, no, no, no, I've got nothing to hide. Here you have it anyway.

It's very interesting, this question of whether Boris Johnson or how Boris Johnson is being self-interested in this particular case, because he says when he's handed over this information that he doesn't want his case to become a kind of test case. And actually, when you look at what the government has said about this and you look at what government lawyers have said about this, they sort of admit in a coded way that this is not likely to be a successful judicial review. This challenge that they're making is pretty unlikely to be successful, but they're doing it anyway because they want to test in a court this question of whether officials and they're specific about it being officials have a right to privacy. And you saw last night, the science minister, George Freeman, basically being quite open about the fact that he expects Baroness Hallett to succeed in her search for this material. And I think one of the things that Boris Johnson is concerned about is that he is at the centre and he is the kind of first and kind of precedent setting example of what happens in the COVID inquiry when you request WhatsApps. Are they private? Are they public?

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And he's not comfortable with that role because we're not going to see the inquiry conclude until 2026. So that's a huge amount of time with many more witnesses and a lot more evidence gathering that will be taking place. And I think that's one of the reasons why he's been so emphatic in trying to hand it over today.

Do you think he feels he's being used by people he doesn't like?

I think there's certainly the politics. This is very interesting. Oliver Dowden, of course, Deputy Prime Minister, kind of Chief of the Cabinet Office that is running this. Throughout this, you've seen allies of Boris Johnson accuse the general inquiry and the action of the Cabinet Office as being a stitch up towards him and his examples. You definitely saw that earlier on when Boris Johnson was referred to the police for possible breaches of COVID regulations during the pandemic when lawyers in the Cabinet Office had looked through his diaries and found those possible breaches. So there's a lot of animosity for all team Boris. I think it's fair to say about the way the Cabinet Office have handled this so far. And I think you're right that he sort of wants to get ahead of that and hand it over himself.

But there is a caveat to all that, right? Which is, as we now know from these documents which have already been released, which is that he's handed them over up to a point. And that point is a point in time, i.e. the middle of 2021.

Yes. So I think the most important thing to note as we sit here today is that the period of time where these messages have been requested from, the vast majority of that, 16 months of that, isn't included in the information that Boris Johnson has handed over in his words. So nothing from January 2020 through to April 2021 on Boris.

It's quite an important period as the pandemic goes, right?

Three national lockdowns. Most of the restrictions by this point have been eased. So very important that those are emissions. Of course, the response from Team Johnson would be that we all remember at that point, he was forced to change his phone in May 2021 when it was revealed that his phone number had been publicly available for, I think it was 15 years. So he had to change that.

You know what? That was one of those Boris Johnson things I'd just forgotten about, you know, my sort of Rolodex of sort of mini Johnson scandals. That one, I have to say, the sort of numbskull in my brain had just decided to shred.

I think at the bottom of a think tank document since 2006 or something. So that had been available. They'd been a security concern around that. And Team Johnson's defence of this is that he is not able to access his phone. He's been told he can't turn it on. He wants the security services to do a full look through it to make sure it's okay for him to be able to use it. But I think one of the most interesting things in that letter that we saw today from him was that he says, the order of sequence is quite important in this. He says, I want them to make sure that my phone is okay to look through and then I will look through and select the relevant information and hand it over.

Now the chief complaint that Baroness Hallett has in this entire inquiry is that she and she alone is the only person who can determine what relevance is. And this is going to be the focus of the judicial review, whether Baroness Hallett can define what relevance is, whether the cabinet office can define what relevance is, because you remember they say that most of the stuff that's been asked for is unambiguously irrelevant. A lot of

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it. That's why they don't want to unredact a lot of that information.

Now, Boris Johnson thinks that he can decide what's relevant. I think that he is going to be the subject of much the same criticism that Baroness Hallett in the inquiry have leveled at the cabinet office.

So that is basically, I mean, that is the nub of this whole story, right? It is about who gets to decide what is relevant. In their own way, both Sunak and Johnson are trying to establish the parameters and Hallett are trying to establish those parameters.

Relevance is the key thing. So under the 2005 act that is governing this inquiry, relevance is actually, if you look at it, not necessarily that clearly defined. So while you have former justices like Lord Sumption, who says that, you know, it's very, very likely the government will lose this case. While you have government lawyers who seem to be indicating that they're expecting to lose it, while you have a minister last night, all but admitting that they think the government is betting on losing this case, but thinks that its testing value is more valuable. Actually, you do have some legal experts out there saying that it's not necessarily clear when it comes to public inquiries who defines what relevance is. And I think in the absence of total clarity on that, you can see why the government wants to push this point.

What I can't quite get my head around with this is in terms of what Sunak is thinking around the politics of it. Because suddenly this is, until probably yesterday, it feels to me, I don't know what you think, but till then, it still felt basically like a kind of internal Tory party thing, connection with COVID, the Sunak, Johnson's tension. There wasn't much politics in it. But now there is some politics in it. I mean, when I was doing LBC show last night, as soon as this story broke, sort of tech, let's see if we can get Labour on to see, you know, what they think about it, they came on straight away. Peter Carr was on within 30 minutes. And the first lie entirely predictably is, what has Rishi Sunak got to hide? And what has that government got to hide? And we, if we get into office, we'll hand over all of the documents completely wholesale, straight away. And that does allow Labour to try and start weaving that narrative now.

It does. And I think the concerns that the government has around the privacy of not just ministers and politicians, many of those that were very active and senior during the pandemic, Rishi Sunak's Chancellor, of course, included notably, are included in this request. But with a lot of this inquiry stretching ahead, and with the inevitability that more people will be subject to these requests, the government is worried. And I'm not sure that it's without good reason about whether or not officials are going to be totally protected by this process. And I'm sure that there will be a lot of nervousness among some of them, that this idea that all of their messages are handed over is an envision of privacy that when, if they're a diary manager in a department of government, they didn't necessarily expect to be happening. I think that's where a lot of the nervousness might be coming from.

And some nervousness, though, as well, perhaps about setting the precedent for Sunak and that Sunak's messages could end up being handed over as Chancellor at the time.

That's definitely an interesting political point. And I think the government said last night that they really do want to find a solution before this court case kicks off, that they are looking for a kind of pragmatic way through. I think that if they can feel that they have faith in the Cabinet Office with these documents, that there might be some sort of landing zone

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where it's possible to do that. But I think the politics of this, as you say with Boris Johnson that it's hot this week in that triangle, has made it very difficult for the Cabinet Office to be able to ascertain exactly if they're safe to do that.

In a way, though, we've already started to see the contours, right, the glimmers of how this inquiry is going to colour the debate and our politics when it does start, because, you know, this is a pause, but it will start and it will begin in the sense that we saw from the documents released last night, we saw all of the questions that Hallit has already asked Johnson. And already, there's just a treasure trove of stuff, right, which you can imagine just how difficult or embarrassing some of the answers might be. So, you know, to take one of them that was published yesterday, please confirm whether in March 2020 or around that period, you suggested to senior civil servants and advisers that you be injected with COVID-19 on live television to demonstrate to the public that it did not pose a threat. Now, that is a story that we already knew about from Dominic Cummings. But the very fact that Johnson is going to have to formulate an official answer to that, you can just imagine, and there will be other stuff as well that we don't know about, I'm sure that emerges, but you can just imagine the way that, again, the kind of embers of COVID are reignited in the coming months in the lead-up to the next general election.

I think that's definitely correct. And in those 150 questions that we saw yesterday.

Just the 150.

Just the 150.

There were a lot of points at which eyebrows will have been raised and people would have thought that this is potentially politically quite risky for Johnson.

And he can't lie about it.

Exactly. The one thing that I would say really the conservatives political risk in this is that the timeline having been released a few days ago probably is in their favor. I'm sure Tory MPs will have been heaving somewhat a sigh of relief at the fact that actually some of the more problematic hearings we'll see around COVID contracts aren't expected to be until after the next election in 2025 or so. And so it's likely that the Conservative Party can go into the next election having not necessarily had the very most damaging revelations, if there are to be the most damaging revelations kind of hanging over them and people seeking to defend.

I mean, there is a case that some conservative MPs make when you talk to them, which is that they think that people want to move on. And also they think that Rishi Sunak isn't going to be necessarily blamed for this. But there is also an awareness played out, I think over the last few months, especially in the last year, that they don't think that having changed leaders multiple times that looking like the Conservative Party is in a state of bitter division is going to be helpful for absolutely anybody. Just looking ahead to leaving COVID to one side and looking ahead just thinking about where we are with politics. Now, more generally, from your concept with Conservative MPs and so on, we are really sort of starting to run down the clock now. We are just over a year away from a general election at most, maybe 15, 16 months. Polls aren't moving. What do you think their mood music is with regards to Sunak now and his political strategy and where we are? There's definitely a sense of resignation among some of them, which isn't entirely unhelpful for Rishi Sunak because there is an acceptance, I think, apart from among a very select few with definitely diminishing influence, that you cannot change leaders again. And to give Rishi Sunak your full support is the best chance that you have of holding on to your seat.

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I mean, you will have read lots, but you talked to Conservative MPs who say they're sort of openly auditioning for particular jobs when they are certain questions in Parliament, thinking about what they might want to do next and the issues that they're interested in. I think you'd be hard pressed to find that many Conservative MPs that would confidently say they're going to win the next election. But I think many of them have given their support to Rishi Sunak's five priorities and do feel that Downing Street is contacting them, making contact with them, trying to reach out to them, that it's been in listening mode, a lot of them regularly going in to talk to Rishi Sunak and others in Downing Street. And I do think that having had a lot of predictions when Rishi Sunak first came in that it was going to be a very, very bitterly divided party. We haven't actually at the main pressure point necessarily seen that. The Windsor framework is a good example for this. It was meant to be this kind of great period of great unrest in the Conservative Party. You had two former Prime Ministers, Boris Johnson and Liz Truss, voting against that flagship deal on Northern Ireland, and yet he kept the party together. And it doesn't feel, for all of these conversations, despite the fact that Johnson is back in the headlines constantly, it doesn't feel as if any of this is a prelude to a return by any stretch of the imagination, in a way that actually even just a few months ago, when everyone was talking about the immediate period after the local elections, there was this sense that it could be a danger point. It doesn't feel like anything like that.

I don't think so. And also, I think Conservative MPs look at the details of the polling and they see that it's not Rishi Sunak's popularity that is necessarily holding the Conservative Party back. Typically, he polls better than the party. And actually, among we saw this week, younger voters at the party needs to win over, he polls much, much better. So I think there's that question of actually translating Rishi Sunak's own popularity into the Conservative Party probably wouldn't be enough under the current polling figures that we've seen. But I don't necessarily think that Rishi Sunak is the reason why Conservative MPs think they're going to lose the next election.

Lara, Lara Spirit, it's been a pleasure. Thank you so much for joining us in the New Agents HQ. Oh, she's laughing. It's no pleasure for you.

Thank you so much for having me.

That's how we like to end things, whoever's into you. Lara, thank you so much.

Thank you.

Right, when we come back, we're going to be asking whether we are missing an economic time bomb that might be about to go off. That's next.

This is The News Agents.

Right, welcome back. As you know, politics is, of course, our bread and butter and Westminster is often a psychodrama that absorbs all of our energies. But we wanted to point you to a big story this week, a set of big stories, really, and a bigger one over this last month, which hasn't got as much attention as they should. The structural economic story, which is, in fact, shaping and encases the only politics, which really matters. Now, when I say economic turmoil, you probably think of this.

At that rate that we're seeing right now in the marketplace, you are seeing the highest level of repayments that we've seen since a period when the UK was about to face the biggest housing crash it ever faced before. That's the big concern, both politically and economically, for the Conservative Party, that this cost of living crisis is also going

to become potentially a mortgage crisis.

The 50 days of trust, 50 days of catastrophe, the violent breath before soon acts rise. But if we break it down, what characterised that disaster? What was it made of? Well, two things really, a maelstrom in the mortgage markets and rapidly rising government borrowing costs. And here's the thing, to a lesser and then greater extent, on those two things, that's exactly what we have now. It's just getting far less attention. To take mortgages first, this week, we saw 10% of mortgage products withdrawn from the market. Buyers suddenly found themselves having to rethink purchases. After a widespread expectation that mortgage costs would slowly begin to come down, they've started to rise again. It's already affecting many, including some of you and news agents listeners.

My name is Tully Davenport. I'm from Essex. I have contacted my mortgage provider to find out about a decision in principle. I've given them my financial details. And it's clear that the, because of my financial position being relatively stable, the threshold for decisions in principle has been raised markedly. I'm stable. I have a stable income. And yet I've been declined on the grounds of financial affordability, even though my mortgage will only be two and a half times or less than two and a half times of my income per year. I earn over three and a half thousand a month before stoppages. So I take home just under two and a half thousand a month and I'm still declined on the grounds of financial affordability. That's the position I'm in.

And then there are those having to remortgage hundreds of thousands a month, remortgaging from fixed rates of like one or 2% or less, with huge extra spending as a result. Another news agent here.

Hi, I'm Yvonne McEvoy. I live in Highgate, London, and I'm self-employed. My current mortgage fix ends on the 2nd of September. That rate is currently 1.54%. Now, since new rates have been made available to me on the 2nd of May, those rates have been steadily going up. With my current provider, I've been offered a two-year fix at 4.77% or a one-year fix at 5.19%. I have been offered longer deals, but they're not suitable. To make the monthly payments more affordable, I've had to use a chunk of my life savings to reduce the capital amount. And to add insult to injury, my mortgage provider is insisting that the money is paid when the new deal is signed, therefore costing me three months of interest.

This is the backdrop to the financial lives of millions in the run-up to the next general election. It used to be a staple of political parties' rhetoric that they would pledge to or boast of their record in keeping interest rates low. In the last 15 years of post-2008 near zero rates, that disappeared. But now, we remember why they did it. It was a fixture of politics for a reason.

Nina Boudia is a mortgage broker for Night Frank Finance.

The market at the moment is obviously very uncertain. Again, I've done this for 20 years now and I've been through the banking crash, COVID, Brexit. The market at the moment now is more complicated in the sense that we've come out of the pandemic where we've had interest rates at an all-time low. The market was very familiar with that. It was pretty simple to understand. We then went through COVID. Interest rates tumbled. Everybody was very excited. It meant people had more disposable income. And since COVID, interest rates have risen and it's left people in a situation where they didn't expect it. And even us as brokers, whilst we expected rates to not stay at the level that they were, it was difficult

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for us to foresee what actually was going to happen and how quickly it was going to happen. So clients that I'm speaking to now, this is the only time in my career where I feel like when I'm advising a client on whether they should be taking something like a two-year fix or a five-year fix, it's almost like you're damned if you do and you're damned if you don't.

So why are rates climbing again? Because inflation isn't going away as people and the government thought it would. Core inflation in the UK is among the highest in Europe. So far from the Bank of England base interest rate, having reached a peak, markets now think it's going to climb. And this week, we saw the biggest monthly house price fall since 2009. The question then, are we heading for a major house price correction? A crash. Liz Martins is a UK economist for HSBC.

Yeah, well, it's been interesting, right? Because house prices started to fall quite sharply, particularly in the wake of the mini-budget. And then as we've come into 2023, something quite strange happened, which is that the market kind of started to revive and actually activity picked up a bit and then prices picked up a bit. But actually, I think some of that related to the fact that if you remember, back in March, we had that sort of financial turmoil and that pushed interest rates back down a bit temporarily. Now they've shot back up. It has to mean, I think, that there's a greater chance that you do get a correction in house prices. Weighing against that, we do have a perennial lack of supply in UK housing. So a lot of people have been trying to buy a house for a long time, just found the property isn't available. And also, we have relatively low unemployment. And where UK housing tends to go awry is when you get a big rise in unemployment and that really affects the market. And we haven't seen that yet in this cycle. So rates higher definitely will weigh on the market. But I think there are those other factors to take into consideration as well.

So by comparison to other European markets, including other sort of big European cities and so on, by comparison to British cities, I mean, there have been really significant crashes in some European markets, haven't there? I mean, Sweden, I think, situation as well in other countries in Europe. So by comparison, Britain has been robust-ish so far.

Yeah, we have. So Sweden's interesting because 60% of outstanding mortgages in Sweden are on floating rates. So as soon as rates go up, 60% of people with a mortgage feel it immediately, whereas here in the UK, the average remaining fixed term on a mortgage is three and a half years. So it comes through much more slowly. It's not to say that we won't have the same magnitude of a correction, but it might come through much more slowly in the UK. You know, other countries are the opposite. They fix in their interest rates for kind of 25, 30 years. In the US, that's the case. So I think, you know, we sit somewhere in the middle, and we are starting to see those signs of stress coming through.

And it feels to me as if not just in the housing market, but in the UK economy more broadly, it feels to me as if we haven't quite or only just waking up to what it might be like with an economic picture, which is characterized by much higher rates than perhaps we thought even a couple of months ago, it feels like the inflationary picture is much more sticky, core inflation is much more sticky, and that that is going to have quite profound consequences for the UK economy over the medium term.

Yeah, unfortunately, I think we've all been revising our expectations for both of

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inflation and interest rates up and up and up. And the straw that broke the camel's back was really that April inflation number where we were expecting it to fall a long, long way. It did fall back. But as you say, the core inflation, the underlying pressures were still there. And that means that the markets reassessed its perceptions of how high the Bank of England is going to have to hike bank rates. So they're now thinking it will have to be somewhere between kind of 525 and 550, which is so much higher than I guess any of us thought at the beginning of this uptick in inflation. And of course, that affects all of us. It affects us as people with mortgages, first time buyers. It also affects renters because it pushes up rents indirectly and it affects companies borrowing as well. So you're right, there's a readjustment to be made here.

And we should say as well that the difference sometimes people say, oh, well, it's 5%, 6%, you know, it's not to compare with previous periods and so the 90s or the 80s when sometimes interest rates, you know, nudged over 10%, even 15%. But because of relative house prices and how high they are now, the effect on that, certainly for mortgage holders over the medium term as those changes unwind and people start to feel it in their pockets, it's really very profound.

Yeah, I think that's exactly right. So usually when I give my presentation, someone puts their hand up and said, oh, you know, when I took out my first mortgage in 1992, it was 14%. And, you know, this is nothing. And the reality is, as you say, that people who are borrowing at current rates are borrowing much more as a multiple of their income than people were back in the 1990s because of house valuation. So just as an example, if you've got a £200,000 mortgage now and you fixed it two years ago, you know, just under 2%, you're probably paying about sort of £800. And if you're refixing now at 5.5%, you're now paying £1,200. So you're paying kind of 50% more. And that's on top of all the other things that have gone up as well, right? So it's not like it's just your mortgage that's more expensive, actually your weekly shop is more expensive and your broadband is and your energy is and just about everything else. So it is going to be tough, I think, on households that are unlucky enough to be refixing in this period in particular.

There is something else too, eerily reminiscent of the trough of truss. Arguably, what really ejected her from office was the financial markets. They pushed up the price of UK government debt because they didn't think the economic policy of the Prime Minister and her chancellor, quasi-quarteng, were credible. Enter Jeremy Hunt, then Sunak and government borrowing costs fell. And yet, almost without anyone noticing, UK government costs are at roughly the same level as they were in Truss's dog days. This is worrying, a point I put to Liz Martens.

We should be concerned about it. Essentially, as yields rise, it's really reflecting exactly the same thing. Markets are expecting interest rates to rise too because inflation is higher. So they're expecting the Bank of England to take rates higher. But of course, the higher yields go, the higher government borrowing costs go, the more the government is spending on servicing the debt and the more we're spending on servicing the debt, the less there is left over to service everything else. So the government will want those bonds down. They'll want interest rates lower, but they also really will want inflation lower because a quarter of our debt is also linked to inflation. And so is other spending, things like benefit spending, pensions, etc. So the government will want interest rates and yields to come back down, but I think primarily they'll want inflation lower first. Do you think there is a risk now? And it's still sort of early

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days in seeing how this crisis and these indicators play out. But is there a risk that Britain has an unusually bad core inflation situation? By comparison to other European countries, certainly the United States, but even other European countries now, if we do have a particularly bad core inflation problem, why is that? Well, I think it's a reality for the April numbers. UK core inflation rose to the highest in, I think it was 31 years, 6.8%, which was higher than pretty much anywhere else in Europe. Why that might be, I think there's a couple of things going on. One is unit labor costs are high. So that means basically the amount a company is spending on wages to produce one unit of whatever it produces. That is particularly high in the UK because wage growth is high and productivity is pretty low here. And playing into that is an unusual decline in participation in the labor force that we've had in the UK. So while participation dived everywhere in the pandemic, in the UK our recovery has been particularly slow and a big reason for that is changes in migration. I think that's one factor, but also we have had a big rise in the number of long-term sick people who are signed out of the labor market because of that long-term sickness. So that has meant acute pressure on private sector wages, which of course pushes up company costs and in turn translates into consumer price inflation as well.

And Brexit as well as part of that. Well, Brexit's done primarily. Well, first of all, the exchange rate is probably lower than it would have been had we not left the EU and that obviously translates to higher import costs as well. It's meant that the shift, the mix of immigration has changed. So we've gone from having a lot of unskilled migration from the EU to having

a lot of skilled migration from outside of the EU. Now that has been very helpful for the National Health Service, but it doesn't help you if you're a construction business or a restaurant or a hospitality business, those kind of things. So the migration piece, I think certainly reflects Brexit factors. And then of course you've got that kind of non-tariff barrier that's pushed up company kind of admin costs and importing things from the EU as well. So yes, I do think Brexit probably plays a role here. And maybe that's the way to think about these two premierships. One short, one a bit longer, that of Truss and Sunak. Truss, Trussonomics have become synonyms for tumult and turbulence, an acute illness or a heart attack. It defined her premiership and it fell. But just because what we're experiencing now is a bit quieter, is slower, it makes it no less lethal for Sunak. The worry is that the British economy now has a chronic disease, diseases as it has in the past. And though it doesn't get the headlines every day, it is that which is driving everything. It really feels as if the clouds in Britain's economic sky are darkening.

Right, that is it from all of us for this week. John and Emily, of course, couldn't be here. Emily's still in Moscow. John is at a just stop oil march, but they both should be back on Monday. Remember, you can catch up on all of our shows from this week on Global Player and send us story tips and feedback to newsagents at global.com. Thanks to our fantastic production team on the newsagents, Gabriel Radus, Laura Fitzpatrick, Ellie Clifford, Georgia Foxwell, Will Gibson-Smith, Alex Barnett and Roy Simon. Our editor is Tom Hughes and our executive producer is Dino Sophos. It's presented by Emily Maitlis, John Sobel and me, Lewis Goodall. We'll see you on Monday. Have a lovely weekend.