

Test and track

I am writing today to Matt Hancock, Health Secretary, to clarify how the Test and track system will work. It is in all our interests that it is used to keep us safe whilst allowing many more people to work and go about their daily lives more normally.

The idea of the system is people self isolate and get themselves tested if they develop new Covid 19 like symptoms. We are told that the testing may take 48 hours during which time no-one else has to self isolate. If the test confirms the presence of the virus then "recent close contacts" of the infected person should also self isolate and will be contacted by the system.

The government document does seek to define recent close contact. It says it includes spending more than 15 minutes within 2 metres of the infected person, and face to face contact of under 1 metre. The document tells us this could result from travelling even a short distance with someone in a car, or on a plane. It could also include people in the same school or workplace.

So I would like to have more guidance on

1. Travelling in a train or tube carriage with someone who is infected. How could contacts be discovered, and can this represent a threat to a traveller? What is government advice on train travel? If someone travels by train and another passenger notifies as having the virus do the other passengers have to self isolate?
2. How many people in a workplace or school would need to self isolate if one of their number is discovered with the disease? Would there be an assessment of who had come closer than 1 metre? Presumably it will not require all people at that location to self isolate?
3. Can we assume that after someone has self isolated for 7 days who has the virus, and for 14 days who might get it, they are no longer able to infect anyone else?
4. Why has the government decided to use the WHO guideline of 1 metre separation rather than the U.K. 2 metre? Have government advisers reconsidered the 2 m requirement given WHO advice of 1 metre and Germany's use of 1.5 metres?

The more knowledge of the transmission of the virus that can be shared with the public the more effective social distancing will be and the more co-operation there will be with the policy of Test and Trace.

An important month

The forces of Pessimism and defeat want the U.K. to seek an extension to the negotiating year with the EU. It is most important that the Prime Minister and Mr Frost refuse to countenance such a dreadful idea. There is nothing we could negotiate next year that we cannot negotiate this year. The U.K. made a mess of the negotiations under Mrs May who trusted the Official Civil service and liked advice that always meant the U.K. giving in on issue after issue.

The present government has so far been as clear as Mrs May was muddled over what the U.K wants. It has rightly refused to accept the EU's wish to settle fish first before anything else and make our fish a further payment to them. It has proposed a free trade agreement as the base of the future relationship but said no agreement would also work fine.

There is no point in negotiating through June unless the EU changes its approach and understands we are not giving away powers over our fish, our laws or our money. The EU pretends we want to stay in the single market and customs Union, which we voted to leave.

The U.K. just has to stay calm, be pleasant but show great resolve. We are not going to give in again and do not want some kind of Association Agreement putting us back under the EU Court and laws.

Liquidity and solvency

Offering money to companies to see them through a couple of months when they are not by law allowed to trade was necessary. It was right for the government to pay the wages of staff who have jobs but are not allowed to do them, so that the workforce is available to start up again as soon as the lockdown is lifted. It was right to offer money to the self employed who were also banned from earning a living.

Government now needs to handle the return to work well. The state cannot afford to carry on paying out large sums to companies that do not have enough turnover. The only way to sustain our living standards is to get everyone back to work. There will be some businesses that were declining before the shut downs. They may need to make a bigger adjustment now as the shut down probably accelerated their decline.

There will be other businesses that had a great business model prior to the lock down that will now be damaged by the changed conditions created by the anti virus policies. Travel and hospitality will have to change the way they work for as long as social distancing remains, and plan for reduced workloads for sometime after lifting of the shut down.

There are then a range of businesses which gained market share out of the shut downs and who may continue to grow well even after the end of the exceptional times for on line retail, internet conferencing, remote working service and supplies, home entertainments and other technology winners.

What we do not want is to search for some top down government led model of backing winners, interfering with customer choices and deciding who to subsidise and what changes to lifestyle they require.

The danger is some companies that were short of cash owing to lock down end up insolvent because they do not experience a surge of returning business once the lock down is lifted. The government does not have the resources to keep all companies going that lack a strong business offer for the new conditions post shutdown. The private sector has the means to lend money and to buy shares. Large companies have access to low interest rates on bank finance and bonds, and can raise additional capital from shareholders. They can and are conserving cash by not paying dividends or buying back shares where they need to be careful with the money.

Big business and government

The government should not want to bail out big business or take share stakes in large companies. It should be helping and encouraging them to get more money from customers so they do not need bail outs. The policy is meant to be getting many more people back to work, preferably working from home. Taxpayers do not want shares in companies that are losing so much money they cannot finance themselves commercially from banks and the markets.

It is rumoured that Jaguar Land Rover might need government money. Yet this is a company with good products, that needs to sell more cars to generate the cash it needs. The government should be asking any car business that thinks it might want taxpayer aid the following questions:

Will its dealerships soon be open to sell cars observing social distancing assuming that gets the go ahead?

Meanwhile is the sales force available during normal business hours to sell on line and through email and Zoom/Teams meetings with customers?

Have they tried contacting their customer and customer enquiry lists to see if people will buy a new vehicle? Are they offering any special promotions to get the market moving again? Given the reported growing interest in people buying cheaper second hand cars as an alternative to public transport to get to work, isn't this a good time to encourage switching to a newer vehicle for people who are already owners?

The Bank of England and the commercial banks are making plenty of money

available to those who need a car loan to buy or upgrade a vehicle.

The Treasury were right to offer short term generous assistance for the lock down period. Now we need to move on and find ways to get people back to work safely and wean companies off government life support.

The price of solidarity

For years Germany and the Netherlands have resisted any idea that the EU should borrow money together and spend it in the poorer areas of its territory. They wanted a currency union but not a benefits union, a monetary union but not a transfer union.

The dollar area or the sterling area are currency unions backed by self governing states. In each there are large transfers of money from the richer parts of the area to the poorer parts. These take the form of grants to local government from central taxation, grants to individuals through the benefits system based on need, and common taxation raising more from the places where incomes are higher. As a city or county that suffers relatively low incomes cannot devalue against the richer places, it needs the grants to get its living standards closer to the national average.

Last week Germany and France came to an Agreement. They propose a Euro 500bn fund for the EU, to spend on recovery from the pandemic. The money will be borrowed by the EU as a whole, where each state stands behind the loans in proportion to the size of its economy. If the EU decides to spend proportionately more in the distressed areas of its territory, then it would have some mild element of redistribution about it.

Time will tell whether this is the first step on the full road to a transfer union, or whether this is a one off gesture soon to be watered down by delays in getting the money and by an approach that all states should have prizes in the lottery draw for the funds.

I have always thought those in the EU who argue they need a transfer union to complete their monetary union are right. The problem is the true price of solidarity and more equal standards will be very high for German and Dutch taxpayers. Is this a saleable proposition to them?