

Infinity Fed tries to save the world

The Fed has been buying bonds, commercial paper and mortgage securities on a huge scale. It has made available large swap lines in dollars to other Central Banks around the world to ease the dollar shortage. It has stabilised the Treasury bond market, assisted the corporate bond market, and reassured the financial world more generally.

The Fed is certainly showing willing to do whatever it takes to avoid a financial crash. It is now looking to governments to do more to cushion economies in lock down.

If rapid and decent assistance to companies banned from working is not forthcoming from governments, we soon move to a situation where companies are borrowing too much to pay their bills, and firing too many to reduce their costs. In a normal recession companies keep the majority of their turnover from the good times as demand throttles back and people's incomes are squeezed. In this crisis many companies lose all their revenue overnight and do not know when they might be able to resume trading.

The EU is struggling to come up with package for the Euro area that can help sufficiently. The Dutch and Germans lead a group of northern states who resist the idea that the Euro area should borrow money to give to troubled states that face the worst problems with the virus. They have no wish to underwrite EU wide debt spent in places like Italy and Greece.

The Commission, conscious that it needs to be seen to be supportive of member states at this time, has pledged to direct every spare Euro from its budgets to fighting the virus. It has also sought to broker an agreement about more EU borrowing. It is exploring more loans to places like Italy under the European Stability Mechanism, and wants member states to beef up the capital of European Investment Bank so they can lend more to business.

This presumably will have an impact on the green policies that were the priorities of the planned budgets of this Commission before the virus hit. There will need to greater clarity soon over what is being removed from plans to accommodate the virus expenditures.

The USA government has put together and passed a \$2 trillion package of support, but is finding it difficult to parcel it up and pay it as quickly as the companies in need would like. Japan has come up with a \$1 trillion package of measures. This all helps, but the onset of this recession is so fast and the impact so severe from just banning much economic activity overnight that so far the governments have not done enough to offset all the damage. As the Chairman of the Fed has wisely said, many companies need government grants, not more borrowing to see them through.

Coronavirus Job Retention Scheme

I have received this update from the Chief Executive of HMRC:

Dear Sir John,

I want to update you on the opening of the [Coronavirus Job Retention Scheme](#).

I know you are receiving a significant number of queries from constituents on the various measures HMRC is taking to provide support during the coronavirus outbreak. We are updating our guidance regularly and you will continue to hear about changes through our MP email digests.

As I confirmed when giving evidence to the Treasury Select Committee yesterday, we will open the Coronavirus Job Retention Scheme for claim submissions **on 20 April**.

We have already issued emails to employers and tax agents letting them know that updated guidance is available on [GOV.UK](#) at:

Employer guidance

□Employee guidance

We will continue to communicate with you as the scheme develops and we will shortly be able to provide employers with the information they need to prepare to make a claim. In the meantime, we urge customers to review the guidance on [GOV.UK](#) to ensure they understand the latest position.

Employers should also reassure their staff that employees do not need to take action, as applications for funding to the scheme will be made via their employer.

I hope this information is helpful.

Best wishes,

Jim Harra

Chief Executive and First Permanent Secretary

Treating the virus

I am not a doctor and am not about to propose how to treat this virus. I am however willing to give a day and a blog to inviting comments from those who are or those who think they understand the medical issues sufficiently to

comment on what is happening. It would be useful if qualified contributors would mention their qualification. The true end of the crisis comes by finding a cure or a vaccine or both. Nothing on this site is medical advice for any individual and anyone needing treatment should of course seek professional advice.

Buying time by restricting the spread of the virus is a very good strategy if we use that time to find a cure or vaccine. Clearly much resource is going into just that all round the world. Some argue that there are already treatments and preventative measures that can help.

Some say Chloroquine or Remdesivir could play a role. Others favour Ritonavir and lopinavir with or without interferon beta. Some urge the case of azithromycin. President Trump recently did more than send best wishes to Boris, by instructing two US companies to contact the PM's doctors to recommend treatments they think could help.

Some say bigger doses of Vitamin C help build resistance and fight back against the virus.

The official treatment seems to include doses of oxygen when impaired lung functions leave the patients with low oxygen levels in the blood, and the capacity to operate organs as well as the lungs in intensive care if fighting the disease causes too many strains on them.

Questions it would be good to have answered include

1. How many placed on a ventilator subsequently recover?
2. What trials have now been completed of existing drugs that might help?
3. How do doctors work out whether a death was the result of Covid 19 or some other condition the patient suffered from?
4. Which if any of the named drugs do show potential? Do they have to be administered from first discovering the presence of the virus?

“Contain, delay and mitigate any outbreak”

These words from Public Health England have framed policy so far. The first phase (Contain) saw efforts to trace, test and isolate anyone carrying the virus and the people they had met. The second phase (Delay) has seen big efforts to impede the spread of the virus by keeping people apart and keeping them from places of work as well as from entertainment. The final phase (Mitigate) is to learn to live with the disease, limiting its spreads with sensible precautions with enough capacity to treat patients who do get it whilst we await vaccinations.

Their initial plan played down the extent of the controls needed for the second phase we are now in. They told us on March 3 that if we got to this stage it would mean “people distancing strategies such as school closures, encouraging greater home working, reducing the number of large social gatherings- whilst ensuring the country’s ability to run as normally as possible”. They seemed to move on from the bit about as near normal as possible when they came to design the detail of the lock down. It emerged it entailed closing all physical shops other than food and medicines, stopping the car and homes markets and much else besides. They promised to “implement a distribution strategy for the UK’s stockpiles of key medicines and equipment” . After early issues with inadequate supplies the army was brought in to help and orders stepped up to business. .

The idea of delaying the virus was to reduce “the risk of overlapping with seasonal flu and other challenges that the colder months bring”. This implies they expected to lift the controls come late Spring and early summer.

We now see some other countries deciding to relax their controls progressively but carefully in the next few weeks. China has done so.

Austria has just set out a timetable starting next week by re opening lots of small shops. Sweden and South Korea have not gone very far in imposing controls in the first place though Sweden is now taking more powers. The issue is what is the trigger to start relaxing the controls? Is it a tailing off in the death rate? A tailing off in the recorded number of new infections? How much value can we place on the numbers for new infections when most people that get it stay at home and are not tested?

We do need greater visibility on how this crucial call will be made. Some will argue the controls must go on for longer to avoid a possible second wave. Others will point to the big economic damage delays in getting back to work creates. As there was always a three phase strategy it would at least be good to know what the trigger is for going to the third phase and putting Shut Down UK behind us.

[The PM](#)

Hearing the news that the PM is in an intensive care ward cane as a shock. I wish him a speedy recovery. Many Constituents want me to pass on their good wishes to him and his family.