

Food supply

Some constituents who need to self isolate or stay home tell me there are still problems getting home deliveries or shopping organised.

I have asked Wokingham Borough to assist with organising volunteers who could help with shopping. Will those offering help and those in need of it please see www.volunteerwokinghamborough.org.uk.

I have also written again to Ministers to ask them to do more to try to mobilise the large logistics industry that supplied caterers and non food shops, to use their resource to help with food movement and home delivery.

Help the self employed

I am going to submit my scheme to help the self employed to the Treasury again, as we have still not had an announcement from them.

Handling the economic damage

The epidemiologists advising the government have succeeded in persuading them to lock down as much of the country as possible. The aim is to stop the spread, and so reduce the numbers needing hospital treatment. The earlier policy of trace and isolate did not prevent escalation, though it may have slowed the progress of the disease as the advisers hoped.

Given this, the best outcome now must be a severe but short lived clampdown with a resulting drop in numbers getting the disease, followed by some relaxations to get more people back into work. The worst outcome would be little progress with getting numbers down and a decision to carry on with many closures in the hope that the policy will sometime start to work as planned. A middle course is likely with a longer period of clampdown and some success with braking the rate of increase.

What does this do to the economy? More than 40% of it, the private sector not involved in food and food retail , pharmaceuticals, utilities and other basics will take a big hit. The obvious sectors that have been closed down will lose all their revenue, but it is likely new cars, new homes, discretionary purchases will all be cut back, some severely. We will see falls in output and incomes of a magnitude we have never seen before in a

recession. They have come on us suddenly.

If the government aid for companies is administered well and promptly, and extended to the self employed, then many businesses will survive and be available to supply and serve us again as soon as restrictions are lifted. If the banks use the government guarantees well and make some of the ample liquidity to them available as affordable loans, that too will help see many more companies through the low or no turnover phase.

It is going to be much easier for companies to revive and bounce back if the gap is not too long. More visibility on timetables would be helpful to those deciding whether their business can battle on and on how much they need to borrow to bridge the gap.

The government should give us scenarios based on better control of the virus to give some hope that these restrictions are temporary. They can say that the short term closure model is more likely if we all co-operate and observe as much social distancing and isolation as our roles allow.

As of today we face the loss of a large number of self employed businesses without more financial support, and even the loss of businesses covered by the financial support scheme announced who nonetheless are losing so much business from virus related effects and have large non employee costs..

It is nonetheless the case that the UK economy will lose a lot of output from March onwards and that cannot return until the bans are lifted. Jobs will also be lost if the government financial support is not readily available at scale. The longer the closures and bans continue, the more businesses will give up and make their staff redundant to stop the losses.

Commercial rents will fall, dividends will be cut, pension funds will have much bigger deficits and businesses in trouble will have problems raising capital. There will be large falls in investment.

This is now happening all over the advanced world where similar policies are being followed. I wish the experts and governments every success in limiting this disease . They also need to recognise that the serious economic damage being done to try to arrest the progress of the disease is going to get very severe unless there is a relatively short time limit on the shut downs and financial help for all in the meantime.

Heading for a big economic downturn worldwide

The new Governor and the Bank of England have risen to the task in the last few days. They have thrown everything into keeping banks and markets liquid.

They are offering huge facilities for banks to lend on to the many individuals and companies that will need credit, and have now signalled they want gilt yields to stabilise. They have announced substantial new buying of government bonds, and operated at scale on Friday to stabilise the market of gilts where prices had been falling. The commercial banks must now show speed and purpose in offering loans to companies that need them, and need to curb their appetite for ultra high rates on the money they advance as overdrafts.

The government last week upped their fiscal response to try to match the challenge. I have always argued the priority is to avoid mass unemployment from widespread redundancies. The new scheme to burden share on wages should go a long way to help businesses keep their teams together while we await an upturn in demand. The business rate holiday for the worst affected sectors and the direct cash grants also help. We still have not seen any decent response for the self employed, who are also an important part of our economy and should be helped.

Some argue that the large sums the government plans to borrow and the huge sums the Bank of England is committing to this task are excessive and dangerous. In a situation where there would be a very large fall in economic output some offsetting action is needed. Millions of people are temporarily banned from working in their jobs or have to stay at home to look after children or to isolate themselves so the government and Bank do need to offset some of this unprecedented hit to jobs, incomes and activity.

As the government has decided to close down a large part of the private sector, banning tourism, leisure, much travel, entertainment and hospitality, it needs to see it has to do more to plan for the consequences. Lots of discretionary spending areas from new homes and cars to clothes and many household appliances and furnishings will also drop sharply or effectively be banned.

Meanwhile there will be a continuing surge in demand for more food, food retail and home delivery. As many people used to have more than 5 out of their 21 meals a week at their place of work or in a restaurant or fast food place there will be a big transfer of food demand to the supermarket as they eat at home. This requires switching food from caterers products to retail products and needs volume changes to the delivery system to households. There will be strong demand for smartphones, laptops and digital services, for home entertainment and for business digital systems. There will be more strain on domestic utilities as families stay home and load the broadband and electricity networks.

The government is busy trying to divert more resources into NHS and social care. It is buying up bed spaces, hiring in more medical staff, offering to buy huge quantities of tests, ventilators, pharmaceuticals and protective clothing to handle a big outbreak. It also needs to help the private sector direct resource to home deliveries for all who have to self isolate, to ensure quick adjustment to the new patterns of food buying and consumption and the delivery of drugs where prescribed..

As the government is discovering, if it disrupts one thing like closing schools it has to help ensure enough people can still get to work in all the areas that do need to continue. As it closes restaurants, school lunches and works canteens it has to ensure all that food can be replaced through supermarket purchases. As it takes out train and tube travel and slashes services, it has to leave enough working for the key workers to get to the hospitals, broadband systems and electricity grid to keep things working.

Flight out of Peru

Following extensive lobbying by many people the FCO has said it hopes Peru will now allow a flight to get UK citizens home who want to soon. They are trying to sort one out.