

The economic damage of lock down

Whilst the official advisers seem to find forecasting the possible incidence of the virus and trends in future cases of the disease difficult, there is considerable agreement amongst economic forecasters that the anti virus measures are very damaging to jobs, output and incomes.

The latest proposed England lock down, allied to the lock downs already in force in other parts of the UK are particularly bad news for jobs and businesses in entertainment, hospitality, tourism, leisure, sport , travel and shop retail. Around one quarter of our economy will be subject to bans on trading altogether or will be trading in very restricted circumstances to comply with anti CV 19 requirements.

The damage will be mitigated by the extension of the Furlough scheme for another month, allowing 80% of the wages of people employed in affected sectors to be paid by taxpayers rather than by employers. There will also need to be more easy terms loans for struggling businesses losing some or all their cash flow owing to bans and controls.

The need for an Exit Plan is however paramount. We all need this to have something to look forward to. Businesses need it to know it is worthwhile borrowing, making do and bridging over a further period of lockdown. They need reasonable certainty that come next year they will be able to trade well, so keeping together expensive teams of people and maintaining plant and properties is worthwhile because they will trade again as they used to.

The immediate task is to seek to ameliorate the rules and controls, given the Opposition's intention to support the lock down on any vote we might get. The questions include

Can outdoor sporting facilities be used rather than all closed? The changing rooms and club houses could be shut to avoid larger gatherings indoors.

Can pubs and bars run an off licence trade with home delivery so they have some drinks turnover, as well as being allowed to sell take away food?

Can specialist shops which sell home items be allowed to open to compete with the multi purpose food led supermarkets?

Can Garden Centres be allowed to keep open their outdoors areas with the sale of a range of items for growing food, food, home care and gardening with allowance of some trading under awnings or with plenty of through fresh air flow? Their stock is perishable.

When will the government press further with advice to allow adaptation of buildings to extract air rapidly to allow more indoor use with low risk of concentrated and infected stale air harming people?

The large increased costs to taxpayers of the railways and other public services, allied to the large subsidies needed for private sector business

and individuals banned from working, cannot be sustained indefinitely. I am all for spending enough whilst the controls last, but there does have to be a recognition that we cannot go on like this through more cycles of relaxation and lockdown. It also needs to be understood that with this second national lock down we will lose more jobs and businesses permanently. In more cases their debts become too high and their owners will lose confidence in the longer term viability of businesses gravely damaged by these policies.

I remain critical of the wild ranges of the official forecasts and the highly selective and variable data being used to justify this policy.