

A plan to let the country survive the economic crisis

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It is possible for the UK to survive the economic crisis caused by coronavirus. However, that requires a plan and right now the government has not got one. This is a plan that would work, although I accept that some refinements will, of course, be required.

- 1) Cancel all tax payments due to government. There is no time for finessing who should, and should not, have a tax payment holiday;
- 2) Cancel all mandatory payments into pension funds: right now they are of the lowest concern;
- 3) Pass legislation putting a freeze on the required repayment of all bank loans, mortgages, leases, credit card obligations and similar liabilities. At the same time guarantee funding to banks to ensure their survival, but on the condition that they are nationalised immediately without compensation: every single bank is now, in any case, effectively insolvent;
- 4) Cancel all rent obligations for the foreseeable future and let landlords claim benefits of the same type as the self-employed;
- 5) Nationalise all the utilities (electricity, gas, water) and cancel all their charges for the time being. In this one case the government should make good the lost revenues, but they will now be under state ownership;
- 6) Introduce food rationing, in the first instance by limiting the amount that any consumer can buy, and thereafter in an organised fashion through the use of store loyalty cards, including by extending these to those locations that do not use them at present;
- 7) Guarantee the payment of 50% of regular net wages to all employees of a company (the percentage reflecting the fact that rents, mortgages and utilities are no longer due), and authorise all companies to make these payments and make a claim from the government for the cost. If settling the obligation threatens the financial liquidity of the company (with significant penalties to be considered in due course for false claims)

then a grant funding arrangement should be created to keep basic systems going;

8) Set up a universal basic income equivalent to the national minimum wage for all self-employed people and landlords: penalties for those making false or multiple claims will be required;

9) Guarantee the payment of all pensions since the liquidity of many pension funds must now be in doubt;

10) Put price controls in place to prevent racketeering: [I explained how here](#);

11) Create a programme of quantitative easing to create the money required to deliver this programme. There is no limit to the amount of money the government can create in this way and it will not cause any economic harm to do so when the alternative is catastrophe. [I explain this here](#).

The legislation to deliver this is simple. Most is simple authorisation to stop payments.

The rest is guarantees to make payments.

Some is nationalisation, without compensation: so be it.

Running PAYE in reverse will cover the support to employers: HMRC could do this.

The requirements imposed on retailers are not technically difficult.

We know how to do QE.

The penalty programme is simply a threat right now.

Most, then, could be done very rapidly indeed. Almost nothing else of the scale required could be delivered in any other way that I can think of.

And if owners of banks and utilities object the argument can wait: the simple fact is that their equity is realistically worthless now, the stock market has just not appreciated that as yet. It will.

And when this has been done new commissions are required, with emergency powers, on:

1) Recreating the economy after the demise of financial capitalism;

2) The future of land ownership;

3) The future of work;

4) The new social safety net, including for pensions, that we are going to need, which is

linked to the future of tax;

5) Surviving the climate crisis that is to come;

6) Rebuilding our state so that it represents us all;

7) Preparing everyone for the world we're going to live in by rethinking education;

8) How to remake communities.

And I mean, these are needed now: we cannot wait because nothing is ever going to be the same again. The equivalent of the thinking that created the post-war consensus is now required to create the post coronavirus consensus: I mean it when I say that not only will nothing ever be the same again, but nor should it be.