

If lockdown lasts six months the lost human capital wil...

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I am far from alone in being worried right now. I know that. Quite reasonably people are fearful at many levels. And so am I.

At a purely personal level I am relieved that I have, almost certainly, had coronavirus. It's not fun, and I know this does not deliver complete immunity (contrary to government expectations) but at least, for me, it's likely to be done. That knocks one worry off my list. But many remain.

I can do nothing about the coming healthcare crisis in the UK. I cannot stop the many thousands of deaths that will happen as a result. But I can think about the economic consequences of all this.

Three things worry me there. One is the poverty of many of the claims being made about this crisis. I have already this morning addressed the claim that inflation will follow from government cash creation. It will not.

In that same piece I also tackle the claim that taxes must rise to pay for this crisis when the economy starts again. Nothing will make our recovery worse than that: for some time to come tax increases will be the last thing that the UK, and many other countries will need.

Conventional logic, which had already delivered us low or no wage income growth, rising debt mountains, austerity, an almost useless social safety net and an NHS denuded of resources, is not what we need now.

Conventional thinking is, then, the first concern I can address.

The second is that we need fresh thinking, more than ever. This explains why modern monetary theory will be featuring here quite often right now. Many regular readers might be familiar with it, but blog traffic is running at about double or more of normal rates at present: repetition for the sake of new readers will do no harm.

In this context I am also now framing my thinking on what I am calling a

post-coronavirus consensus (PCC). Once this crisis is over we will need a new lens through which to view the world so that we can properly understand what we need to do. Of course, millions of others will also need to be engaged in this process.

The third thing that worries me is the scale of the loss we are suffering. I am not just talking of the individual personal tragedies, although they of course overarch all this. I am also mourning lost businesses. Lost jobs. Lost dreams, hopes and expectations. Ambitions thwarted. And intellectual capital lost.

These things matter enormously. As we are now told to expect lockdown of six months I worry for children with education that will be harmed. I also worry about people's mental health. Even as an introvert, happy to spend considerable time alone writing, I foresee the stress in this. But I can do little about these things, again. What I am worried about is the loss of economic capital.

Some of this is financial: the resources of many (and maybe most) businesses will be depleted or simply drain away as this crisis goes on. The business mortality rate from the simple failure of cash flow as inability to meet any costs at all increases will be staggering, most especially if lockdown is for six months. Any chance of any return to the BC (before coronavirus) world is impossible to imagine in that case. What this suggests is that the government is simply not doing anything like enough right now to prevent these failures.

But it's actually worse than that. It's not just the loss of businesses that matters. What we also lose is all the learning that is implicit in them. All the teams that will be shattered will take time to rebuild. All the systems that are lost will have to be recreated. And the networks that have underpinned the creative ability of many organisations will disappear as well.

Don't get me wrong: I strongly suspect that some brilliant new ideas will emerge from lockdown. But the most brilliant of ideas also need delivery mechanisms, and a functioning economy into which they can be launched. My fear is that this will not be possible.

Something quite horrible is now happening. It may be necessary but it is still horrible. And that horrible thing is that the human capital that has been invested in how our organisations work is being lost in too many cases. It will eventually recover. And when it does our ways of working will be different - which some organisations will seek to exploit, without a doubt - but what matters most is that we are going to suffer the most massive loss of knowledge of how a great many of us, in our various and different ways, work to make up the teams that make society function. And in many ways that worries me most of all right now.