

Nothing in the economy might be the same after coronavi...

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I wrote yesterday about the changes that I thought necessary within our economy to ensure that as many people as possible might make it safely, both economically as well as physically, to the other side of the coronavirus crisis.

My logic was simple, and not motivated by some deep anti-capital logic, as some seemed to think. It was instead a straightforward accounting-informed economic logic that sought to preserve the well-being of people whose cash flows will be vulnerable as a result of illness or threats to their employment, and of employers, on whose survival we are dependent if long-term damage to the economy is to be avoided. That logic did, therefore, suggest that the immediate impacts of the coronavirus epidemic should, in economic terms, fall upon landlords, whose assets will by definition survive this crisis, and banks, where asset values can be preserved if there is a consistent approach to loan repayment deferral that maintains asset values and incomes albeit at cost to cash flow, which in the case of banks can be assisted by coronavirus quantitative easing.

My proposal has given rise to the suggestion that I was writing as an anti-capitalist, when in practice what I was seeking to preserve was the value of capital, which has no value at all if a customer cannot pay for it. Self-interested commentators could not, apparently, see that point.

Let me, however, now continue this theme of considering what the post-coronavirus economy might look like, because I have a very real sense that this epidemic, even if it has a relatively modest health impact (which will still be uncomfortable, and tragic, for some) will have enormous economic consequences.

The first coronaviruses induced corporate failure has been seen today. No one will be particularly surprised that Flybe has been the first to fall: as will be the case for many who might die as a result of this virus, they were already vulnerable. This does not, however, make things any easier for those who are directly, and indirectly, impacted, and there will be many thousands of those. It is precisely these types of impact that my proposal with regards to loan repayment deferrals and rental holidays is intended to address. Until such arrangements as I propose are put in place there will be more

failures. That is why my ideas are critical to the economic survival of many companies, and landlords who want their assets used in the future.

It is, however, important to recognise two further issues. One is that we are already moving, very rapidly, towards a command economy being put in place. It has already been announced that supermarkets and the government are working together on a plan to ensure that critical food supplies survive, largely at the cost of reducing the range of products available. This is *de facto* rationing. And it is the suspension of the availability of that supposedly critical element of the market, which is choice. That choice is, of course, largely created artificially by advertising for the purpose of product differentiation in the interests of profit maximisation. In practical terms, we might, within weeks at most, see the suspension of the market dogma this has underpinned our society for decades, and this will be necessitated by the simple requirement that we survive. Profits will be trumped by necessity. That imperative will close down choice, and transfer decision making to a bureaucratic system, whether we like it or not. And, I stress, this will be done by a Conservative government.

The long term implications are not clear. It might be that this imposition will only last for a matter of weeks, in which case it will be seen as an aberration. I suspect, however, that this is a decidedly optimistic view: the return to normality once what have been thought of as normal conditions have been suspended might take quite a while to manage. Rationing after 1945 lasted for longer than it did during war conditions. Once established, a command economy may take some time to reverse.

And there are good reasons for thinking that might be the case. If this epidemic is anything like as bad as some suspect it might be then the social and psychological impacts will last a great deal longer than the physical threat will. There are already signs that some patterns of behaviour will alter. I rather strongly suspect, for example, that there will be much less business travel after this epidemic than there was before: people will realise that videoconferencing is, now, pretty good. We are already seeing large-scale business events cancelled: I suspect business shows and conferences will be consigned to history, and not many people will mourn that. And people are, apparently already booking more UK holidays: I suspect that this might be the start of a significant change in travel patterns. Together, it so happens that these changes contributes to a green theme.

So too, though, does the enforced reduction in choice. A command economy does, as one of its objectives, place priority upon the elimination of waste. People might get used to this, and even welcome it. They might even accept the need for coordinated economic planning to counter the much greater threat that we face from the climate crisis much more readily after this epidemic than they would ever have done before it.

My point is that there are always tipping points. Their arrival is always unpredictable, and for that reason I fully admit that what I am suggesting here may not come to pass, but it is at least possible that the coronavirus academic might bring to an end the

economic paradigm of the last forty or more years. Instead it might create a demand for something quite different, which is the economy that can address the greater threats that we face. If (and, I admit that it is a big if) the government, or rather the civil service, can manage this crisis well, then we may well see a change in the relationship of trust in society. The presumption that the market knows best may fall away: the desire for something better in the interests of the common good may replace it, matched with a determination that coordination to achieve a common interest must replace some of the very obvious waste the market has created, which will have been shown to be superfluous to need by this crisis. And amongst the new priorities will be much stronger public services.

Of course, I cannot be sure that this will happen, but considering possibilities is absolutely vital at present. The one thing that we can be sure of is that if this epidemic does develop, as seems likely, nothing will be the same after it. Imagining what those changes might be is vital to the process of learning the lessons from the problems that it will impose upon us.