

Rationing and price controls and now essential measures...

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I have already suggested a number of measures that are required to tackle the coronavirus crisis. These include bank mortgage, loan and lease repayment holidays for businesses and individuals; rent payment holidays; a possible universal basic income for a limited period; tax payment holidays and government support for the banking sector to make sure that it survives these various pressures upon it. I stand by all these suggestions: I think that if this crisis is to last a number of months (and all the signs are that this is the case) then each of these measures will be required. However, I doubt that they are adequate to deal with the problems that will arise, however radical they might seem. I have then two further suggestions to make, both based upon wartime experience.

The first of these suggestions is that price controls must be introduced: it must be illegal for anyone to sell any products during the rest of 2020 at a price more than 10% higher than that at which it was available for sale on 29th February this year. The risk that there will be shortages giving rise to blackmarket operations, or of straightforward commercial abuse, during the course of the next few months is high. For precisely that reason price controls are necessary with the penalty being the forfeiture of the entire revenue generated by the person breaching this requirement plus a fine of 50% on top of that.

The only problem is that benchmark prices will need to be set. However, given that the vast majority of the products that will be subject to abuse will be those of a day-to-day nature the prices on the Tesco and Sainsbury's websites on 29 February should be more than adequate basis for determining price variation for almost everything of concern, and otherwise an algorithm based upon Amazon prices on that same day should be more than adequate. There should, in any case, be little problem with getting manufacturers to put maximum price labels on products for the next few months based in such data so that abuse would be apparent. There would be nothing to stop someone selling at less than the maximum price. I think this would be a necessary legal requirement.

In addition, we are going to require rationing. There is no point pretending otherwise:

some goods will, if they are not rationed be unavailable to those who need them, and that has to be wrong. Supermarket attempts at managing supply are already failing: pasta and other products have completely disappeared from shelves, and limiting bags of pasta to five per customer is very clearly an inadequate way of managing demand.

Given that the vast majority of food sales go through the major supermarkets, and the vast majority of customers are habitual in their buying patterns, as well as the outlet that they use, then the easiest way to impose rationing is through the loyalty card schemes that these stores use. For anyone who does not have such a card at present, they can be supplied. Thereafter, controlling the number of items that anyone may buy will be relatively straightforward: purchasing will be impossible without such a card, and rationing will be imposed by it. I am sure that there are some minor technical problems that will need to be overcome, but nothing could achieve this objective as quickly. It will, of course, be rough and ready, but that is better than the existing arrangements.

If anyone has better suggestions I am, of course, willing to hear them. I am also well aware of all the problems that these loyalty cards can create with regard to the provision of data to these companies, but for the moment I am willing to suspend my concerns.

PS Written yesterday: [moderation will happen when I am awake.](#)