

Funding the Future

Article URL

Published: January 12, 2026, 7:45 pm

I [wrote yesterday](#) about why it is that the recession that we are now facing as a result of coronavirus is not the same as the recessions that we faced in 1929, 1987, 2001 and 2008. As I explained, the reason is that the series of events leading to this current recession are different from all those other occasions.

They began with a financial crisis, that then lead to a lack of demand, which in turn led to a supplier crisis.

This time what started as a supply crisis because of coronavirus lockdowns very rapidly became a demand crisis as people realised that their incomes and jobs were at risk, and that has in turn now become a financial crisis.

This difference means that the way in which this crisis has to be managed is quite different from approaches used in past economic meltdowns. It is vital that everyone managing this crisis understands this, but there does appear to be a very particular problem on the left with appreciating just how important it is that as a result of this particular sequence of events it is vital that we support business through this crisis if we are not to see vast numbers of jobs lost.

I am aware that there are some on the left who take the view that whatever brings down capitalism is good news, and that if this crisis does that then so be it, even if there is an enormous cost to people in this country as a result of the consequent chaos that will result. I am a very long way from that view. My politics may be on the left, but I am unashamed about my career in the private sector, or the fact that I have helped many companies make profit, and have, in the process, helped create a significant number of jobs. And given that I am, like any left of centre politician who might at this time seek power in any democratic country around the world, a firm believer in the mixed economy and of the merits that cooperation between government and business can bring, this is unsurprising.

That does not mean that I am accepting of all business behaviour. As is apparent from my campaigning career and fourteen years of writing this blog, I am more than willing to criticise a great many corporate activities, from tax abuse, to environmental degradation, to reckless loan creation, as well as fraud and blatant exploitation along

the way. A great deal about the corporate sector still needs to be reformed, as the demands of bankers that we move the rules governing their behaviour back to those of 2007 at this point in time more than demonstrates.

But, we are living in the most exceptional times. I think Lord Peter Hennessy summarise this incredibly succinctly and accurately on Radio 4 this week. He predicted that this century will be split into two parts to be known by the acronyms BC and AC, which are 'before coronavirus' and 'after coronavirus'.

I am not for one moment suggesting that the AC era should be characterised by a relaxed approach to corporate governance, tax abuse, or anything else. Far from it in fact; as I have already suggested, I believe that this is the moment for the government to use its leverage to impose enhanced social conditions on corporate behaviour e.g. through the quantitative easing and bank loan programmes that it has already created, [some of which conditions I explain here](#).

There is, however, the most enormous 'but' that underpins everything that I have written so far in this blog. There are two aspects to that 'but'. The first relates to the sequencing of economic support that must be provided to ensure that we get through this coronavirus crisis with as little economic harm as possible, including to the livelihoods of millions of people in this country whose jobs are at risk at present. The second relates to the preservation of the mixed economy, if that is what the left thinks is an important part of the basis of our prosperity, which I suggest it is.

Dealing with the sequencing issue first, I was pleased to note that Frances Coppola and I were in complete agreement with each other yesterday during the course of a conversation in which we took part on a current possible need for a universal basic income when we both argued that right now the crisis that most people in this country realise that they face is twofold. Most immediately they need to keep food on their family's tables. It is this concern that is driving panic buying. I am not one of those who is going to condemn people for doing this: when the government has given no indication of how people are to be helped through this situation, barring the most basic extensions to statutory sick pay and universal credit, both of which are highly inaccessible and far too low, it is unsurprising that people feel that they have to fend for themselves and react as they have. If only the government had both guaranteed their incomes and food and other essential supplies through a rationing programme then this would not be happening.

As I [have also explained](#), rent holidays, statutory mortgage and other bank loan holidays, tax payment holidays, and even utility bill payments would also all guarantee people the security that they need at this point of time, albeit that they might, as a result, need less income to maintain themselves, which is a proposal that I have also made.

This essential programme, which should already be underway, but regrettably is not,

would manage the demand side crisis that we now face. We do not know how long this phase will last for, but it will continue for at least as long as lockdown persists, and that could be for some months yet.

Once this period is over, and it will end, then we face a quite different issue, which is restoring the supply side of our economy. What it seems that many do not appreciate is that this side of our economy, which is for all practical purposes the private business sector, is facing carnage. The likelihood that much of the airline, tourism, hospitality, restaurant, coffee shop, carmaking, white goods manufacturing and all related retail sectors will survive the downturn that we are facing is, at present, quite limited. Most companies in the sector will not have the cash flow to make it through several months of very low, or even no, sales. In addition, they will not qualify for government loans because they will be insolvent, which rules out their ability to borrow.

Once carnage hits these sectors, it will flow and into all others, starting with banking, which will face the most enormous range of bad debts as a result of corporate failures, and from there into everything else.

And to put this in context, the restaurant, hospitality and tourism sector is, by itself the biggest employer in the UK. In that case corporate carnage is going to lead to massive unemployment on a scale unimagined since the 1930s, and potentially making that decade look positively benign.

I am aware that there are those who do not agree with me. I also suspect that many of those who disagree have also never had to manage the cash flow in a struggling business. Nor have they had to hand out many P45s as they make large numbers of people redundant. I have done both. I never want to see that again.

But, if we do not support the corporate sector now that is what is going to happen across whole sectors of the UK economy. Quite literally, unless we keep corporate UK going now then come the summer, or whenever it is that this pandemic is over, there will be no supply-side to recreate in a UK economy that can then provide the people of this country with the employment that they will so badly need at that time. It will be gone, and recreating it, which we would have to do, would be a process lasting a decade or more. Untold hardship would be the consequence in the meantime.

It is for precisely this reason that I am arguing that companies should enjoy tax holidays. And precisely because we do not have the time to check which company should, or should not have tax holidays, they all should. There might be a formula put in place for recovery if at a balance sheet date within 18 months of the pandemic ending it is apparent that a company has more than sufficient retained reserves to be able to make that repayment over a period of time, but right now that finessing is not possible: relief has to be given.

Likewise, all companies will need bank loan repayment holidays, and they all need rent

payment holidays, as the retail sector is now demanding from its landlords without statutory backing, which the government should supply. As I have previously explained, landlords can afford to take this hit and banks will need to be bailed out, as a matter of fact: let's accept it.

Of course conditions will need to be attached to this government largesse.

Zero hours contracts must be abolished in any company taking a tax holiday.

Likewise any such company must recognise trade union rights.

It must pay a living wage in the future.

It must publish its gender pay differential, and have a policy for reducing it.

It will have to put its full accounts on public record.

It may not use any tax avoidance schemes of any sort whatsoever.

It must never use a tax haven.

If it is a large company it must publish country-by-country reports.

And, quite critically, every large company involved must have a plan for becoming net zero carbon and must include the cost of that plan in its accounts, and make annual reports about progress on this issue.

To enforce these conditions it may be reasonable to require that every single company taking advantage of these tax holidays should by legal automatic obligation be deemed to have issued 25.1% of its share capital to the government in exchange for the package that guarantees its survival, which proportion guarantees the government the right to block many shareholder actions in these companies. An automatic right to appoint a majority of the board of directors in the event that the conditions of the bail out, as noted, are not met should also be implicit in the tax holiday terms. You can be sure that those wanting to simply take a tax holiday to exploit the situation would be more than deterred by these conditions, but those desperate for the survival of their companies would not be. That is precisely why these proposals are fair whilst there can be no corporate exploitation of them right now.

If a package of this sort was assembled now, and it would be easy to write the relevant legislation, then I am sure there would be massive public support for this because it would guarantee jobs and a better and fairer society in the long term.

We have a crisis. It is real. And massive. We can address it or face a decade that will be blighted. Refusing to help corporations now will lead to that blight, as night follows day. Anyone on the left who thinks that's a good idea is not, in my opinion, acting in any

remotely responsible way or showing any consideration at all for the people of this country.

What we should, instead do is rise to this occasion and use this crisis for our benefit, which the left is usually so bad at doing. That business is facing a crisis is, in no small part, its own fault. Corporate greed has left far too many companies weak, and under capitalised. Many lack the essential quality of resilience. Most are unaccountable. Many have failed to appreciate the other challenges, including low pay, insecurity of employees, over-indebtedness, climate, and so much else that now face them. But if we use this opportunity to demand changes that require that they face these issues, then it becomes a moment for real progressive change.

If we ignore that, I have no idea what the left is trying to say, or do, except evidence that it wishes to abandon the people of this country to their fate. And that is not something that I am willing to partake in.