

The end of lockdown might be incredibly difficult for m...

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It would seem that a great many people still do not understand the nature of the economic crisis that coronavirus has created if comment I am reading and hearing are indicative of general sentiment.

The paranoia of 'how do we pay for all this?' appears to be ongoing. I reiterate [what I wrote on this issue here](#), but will no doubt return to it again.

But I now have another concern. This is that there appears to be a feeling that direct support for business can finish when the lockdown has ended because then we will be in recovery mode.

My concern is that whilst it is true that we will need a stimulus package from the time that lockdown ends, we will still continue to need massive injections of liquidity into the economy in general, and businesses in particular, at that point of time.

This is because many businesses will come to the end of lockdown with severely depleted capital resources, and very little cash, even if they have survived that far. This creates an enormous risk that many of them will fail when the economy starts to get going again because they will, in effect, be over trading based upon the capital resources that they will then have available to them. In other words, their cash flows are at least as likely to fail in the period when the recovery starts as they are now.

I have not, as yet, seen any awareness of this very obvious risk in government circles, and no discussion of it either, but unless extensive funding, with up to 100% government guarantees, is available to businesses at that time the chance that we will dip into deeper recession after the lockdown rather than see recovery is a very high indeed.

This crisis will, in other words, be far from over when we try to return to work: in fact, for many businesses that may well be the most trying period of all.