

The government's business bailout is still failing - sp...

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As Politico reports this morning in an email (and I have edited for narrative flow):

Business Secretary Alok Sharma admitted to Sky's Sophy Ridge [this morning] that only around 4,200 business interruption loans - amounting to just over £800 million - have been allocated so far to bail out firms devastated by the lockdown, despite reports of around 300,000 applications. He said he had been speaking with banks involved in the government scheme over the weekend, urging them to move faster.

So, that is a 1.4% success rate. That means less than £1 billion of the supposed £330 billion of support has been provided to this sector, so far. A worse outcome is hard to imagine.

But much worse could follow. Andrew Rawnsley in the Guardian attributes unnamed sources with reports that maybe 9 million people have now been furloughed and are no longer working. That's on top of the millions of others, formerly employed and self-employed, also out of work, most of whom have no money at all. It's quite likely that 40% of the UK's working population are not working right now.

And the real risk is that furloughed workers will be unemployed and not just furloughed very soon.

Their employers can, after all, only pay them if they have cash. Without support that is going to run out. Then two things happen. The furloughed worker is redundant, and so on benefits, with vastly reduced support. And they have no employer to return to when all this might be over.

I have been saying since 11 March that the government's reaction to this crisis has been far too limited, and was always mean and going to be delivered far to late. They have done badly on the medical aspect of it. But eventually their mishandling of the economy is going to wreak even more havoc. And over that they had a choice.

They could have given 100% guaranteed loans, as Germany has.

The loans could have been simple, and online, again as Germany's are.

They could have sped up the process of support for the self-employed, very easily instead of insisting the government has to work out who can claim what before anyone gets anything.

They could have supported employees with furloughed staff vastly quicker: simply canceling PAYE due in March and April would have helped.

But they chose not to do these things. And in the face of the crisis we face that was incompetent.

And we are all going to pay a horrible price for that incompetence.