

We won't just have the worst health outcome in Europe f...

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I was asked this morning whether it mattered that UK GDP might be 25% down this quarter.

My answer to the question was that in principle it did not. GDP is a measure prepared in three ways. For the current purpose the important fact is that it reconciles measures based on both production and sales. And the reality is that both are going to be down by a staggering degree right now. But because both are down, and we know why, it could be argued that this is of little consequence, in itself. It could be considered a blip, but only on the basis of making one massive assumption. And that is that productive capacity survives this.

When this crisis emerged the government had three jobs. The first was to tackle the healthcare issue. By common consent it's now clear that they are failing at this.

The second was to ensure people who could not work were able to feed themselves and keep themselves and their families in their homes with all the essential supplies that they needed so that they could come out of this safe and well, physically, financially and in all health terms. It's now clear that they are failing to do this: millions are not getting the help they will need because of the obvious, and even deliberate, failure of government schemes. Many self-employed, small business owners, people who changed jobs at the wrong time, people whose furloughed employer fails, and many, many more, are going to face the harshest of financial stress during, and for a long time after, this crisis.

Third, they had to make sure that the productive capacity of the economy survived this downturn. That did not mean that it meant all companies would survive: some fail all the time. Nor did it mean that opportunity could not be taken to impose appropriate changes on sectors needing support: to do so would have made complete sense, and would have been readily agreed to, which opportunity is now being lost. But it did mean that the businesses - which are those human activities distinct and quite separate from the legal constructs that surround them, like companies - got through this crisis so that we could go back to work again when this was over. And the government is also failing

at this task.

Just 1.4% of business loan applications have succeeded so far. Almost 300,000 businesses have not got the support they need. Of the £330bn promised maybe £329bn is left unspent. And many others have failed already, or will do so soon. This is way beyond decimation of business: that is a term far too kind for the scale of the slaughter of UK productive capacity that this government has delivered by its failure to provide 100% guaranteed loans on very low-interest rates, deferred for two years, spread over ten years, with a two year repayment holiday at a minimum, and based on a simple online application. Germany has done what is required. We have not, and show no sign of doing so.

It's not then GDP now that matters. It is the lost productive capacity to come that matters.

It's the chance that the recovery would give for transformation that might also be lost as a result that is an issue.

And it's the fact that there will not be businesses to return to.

It's the fact that all the human as well as the financial capital invested in those businesses might be lost.

It's all the lost skills.

And the lost hopes.

The lost generation of school and university leavers who will not get the experience that they need in early career stages.

It's the lost economy to come that matters in that case.

And the government still has no clue about this.

I strongly suspect that not only will we have the worst death rate in Europe, we will also have the worst economic outcome in Europe now too. That's because this government really didn't and doesn't understand that it had a simple job to do - which was to make good all the missing capital for the time being precisely because the longer-term cost would be vastly greater if it did not. It has flunked that task, appallingly.

And there's still Brexit to come.

Is recovery from this possible? It is, of course. But it will take a very, very different mindset from that of this government to achieve that goal. I just hope the demand for that alternative develops. But right now there's still no sign of it.