

Why is the bailout so heavily biased to the wealthiest ...

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I have already mentioned the work [Ben Wray](#) is doing as editor of the Source Direct email newsletter from the Commonweal thinktank in Scotland, which I think is outstanding. This [morning's is a classic](#) and I am going to share it in full to promote his work and [encourage people to subscribe](#). It's worth it, even if you have no interest in the Scottish dimension:

Let's develop a little scorecard on where we are with the economic measures in the UK and Scotland to cope with our new pandemic-world.

For corporations, we have 80 per cent of the wages they owe workers affected by Covid-19 covered by government. That's a significant drop in their costs, overnight. For banks, we have unlimited access to emergency liquidity, as well as £330 billion in state-guarantees for loans. Almost unlimited protection from losses for finance. For buy-to-let landlords and home-owners, mortgage payment holidays are available to apply for. That's not all that generous, since the interest still accumulates on those loans, but those bankers must be paid! Finally, landlords in Scotland have also been given extra back-up by the Scottish Government, who agreed with the Scottish Tories to introduce a special interest-free loan for them, so should they struggle to collect rent in coming months, they can access that fund.

Now let's look at the other side of the equation. If you are an employee affected by Coronavirus, you get 80 per cent of your wages covered by government, but that could mean a 20 per cent wage-cut, with many companies saying they will pay workers the payment protection scheme cash and no more. Also, there is no agreement to stop redundancies in return for the huge corporate bailout. Nearly one million people have applied for Universal Credit in two weeks, suggesting workers are being laid off at an alarming rate. UC is being topped up by an extra £1,040 per year for new applicants, but unemployment will remain a sharp financial fall for most. And if you are still on one of the legacy benefits - Jobseekers' Allowance, Income Support and Employment Support Allowance - shockingly the new UC top-up does not apply to you. The

self-employed are getting a sizeable bailout, but not until June, and if you happen to be a gig economy contractor for the likes of Uber or Deliveroo and have just seen demand for your pay-per-drop/ride services drop like a stone in the lockdown, then you have to just suck it up.

For all workers, there is no obvious fall in household costs. The rent payments continue - there's no tenant bailout here. No one can be evicted for six months in Scotland, but they can be evicted at the end of the notice-to-quit period, meaning if they don't pay rent now they will have the threat of eviction hanging over them when the six months is up. Debt repayments continue as normal, as do taxes like the Council Tax, in which debts (which incur 10 per cent interest) were already at peak levels in Scotland before this crisis began. It is possible that you can get support for your electricity bills if you are self-isolating, but the government advice is vague: payments can be "reassessed, reduced or paused".

So let's tally it up: there's an employer bailout, but no employee job guarantee. Creditors get unlimited protection, but debtors keep paying. There's a landlord fund, but no tenant bailout or fund. That looks an awfully lot like a one-sided version of 'all in it together' to me. As Laurie Macfarlane explains in a [*superb piece*](#) on the economics of the government's response: "*What is being presented as a bailout for working people is, in practice, a bailout for the wealthy*".

He explains: "The income streams for the ownership class — rents, interest and corporate income — are protected. But crucially, because the discretionary spending of the rich has collapsed (they are no longer going to nice restaurants or spending money on holidays), they will now have much more money left over each month. So while the bank balances of working people will shrink over the coming months, the bank balances of the asset owning rich will increase dramatically."

This will not do. We do not enter our new pandemic age out of a vacuum. A study of wealth inequality in the two years prior to Covid-19 found that the wealth of the UK's richest 10 per cent had risen four times faster than the poorest 10 per cent in just those 24 months. The ONS study found the poorest 10 per cent had debts three times greater than their assets, while the richest 10 per cent had accrued wealth 35 times larger than their total debts. What group really needs a bailout now, and which doesn't? We're still waiting on that rare thing - the people's bailout.

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