

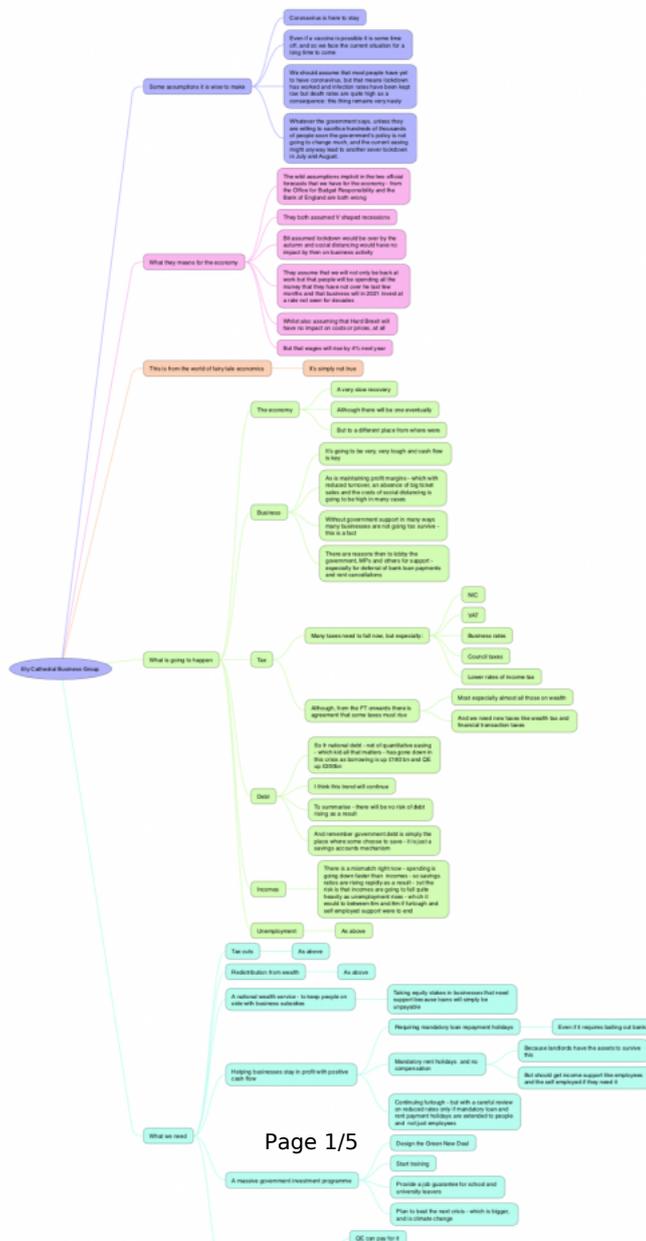
Funding the Future

Where are we going from here? My talk to Ely Cathedral ...

Published: January 14, 2026, 12:48 pm

Having been [talking in an OECD conference during the day](#) I moved on to talk to the Ely Cathedral Business Group (of which I was a founding member a long time ago) yesterday evening. This group has reached out to many hundreds during its recent meetings over Zoom and Facebook.

I spoke about my view of the coming economy and associated risks. These were my speaking notes, also reproduced more conventionally below:



- * Some assumptions it is wise to make
- * Coronavirus is here to stay
- * Even if a vaccine is possible it is some time off, and so we face the current situation for a long time to come
- * We should assume that most people have yet to have coronavirus, but that means lockdown has worked and infection rates have been kept low but death rates are quite high as a consequence: this thing remains very nasty
- * Whatever the government says, unless they are willing to sacrifice hundreds of thousands of people soon the government's policy is not going to change much, and the current easing might anyway lead to another severe lockdown in July and August.
- * What they means for the economy
- * The wild assumptions implicit in the two official forecasts that we have for the economy - from the Office for Budget Responsibility and the Bank of England are both wrong
- * They both assumed V shaped recessions
- * Bit assumed lockdown would be over by the autumn and social distancing would have no impact by then on business activity
- * They assume that we will not only be back at work but that people will be spending all the money that they have not over the last few months and that business will in 2021 invest at a rate not seen for decades
- * Whilst also assuming that Hard Brexit will have no impact on costs or prices, at all
- * But that wages will rise by 4% next year
- * This is from the world of fairy tale economics
- * It's simply not true
- * What is going to happen
- * The economy
- * A very slow recovery
- * Although there will be one eventually
- * But to a different place from where were
- * Business
- * It's going to be very, very tough and cash flow is key

- * As is maintaining profit margins - which with reduced turnover, an absence of big-ticket sales and the costs of social distancing is going to be high in many cases
- * Without government support in many ways many businesses are not going to survive - this is a fact
- * There are reasons then to lobby the government, MPs and others for support - especially for deferral of bank loan payments and rent cancellations

- * Tax
- * Many taxes need to fall now, but especially:
- * NIC

- * VAT

- * Business rates
- * Council taxes
- * Lower rates of income tax

- * Although, from the FT onwards there is agreement that some taxes must rise
- * Most especially almost all those on wealth
- * And we need new taxes like wealth tax and financial transaction taxes

- * Debt
- * So far national debt - net of quantitative easing - which is all that matters - has gone down in this crisis as borrowing is up £180 bn and QE up £200bn
- * I think this trend will continue
- * To summarise - there will be no risk of debt rising as a result
- * And remember government debt is simply the place where some choose to save - it is just a savings accounts mechanism

- * Incomes
- * There is a mismatch right now - spending is going down faster than incomes - so savings ratios are rising rapidly as a result - but the risk is that incomes are going to fall quite heavily as unemployment rises - which it would to between 6m and 8m if furlough and self employed support were to end

- * Unemployment

- * As above

- * What we need
- * Tax cuts
- * As above

- * Redistribution from wealth
- * As above

- * A national wealth service - to keep people on side with business subsidies
- * Taking equity stakes in businesses that need support because loans will simply be unpayable

- * Helping businesses stay in profit with positive cash flow
- * Requiring mandatory loan repayment holidays
- * Even if it requires bailing out banks

- * Mandatory rent holidays and no compensation
- * Because landlords have the assets to survive this
- * But should get income support like employees and the self employed if they need it

- * Continuing furlough - but with a careful review on reduced rates only if mandatory loan and rent payment holidays are extended to people and not just employees

- * A massive government investment programme
- * Design the Green New Deal
- * Start training
- * Provide a job guarantee for school and university leavers
- * Plan to beat the next crisis - which is bigger, and is climate change

- * And don't worry about the debt
- * QE can pay for it
- * And we will never need to repay a penny of it

* There is no legacy of saving us from debt for our children

* There will be a massive legacy if we do not preserve the well being of our businesses and their employees