

## 2021 requires political vision that seems to be absent ...

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It is now apparent that 2021 is going to be much harder in the UK than anyone might have expected, even a few weeks ago.

Due to the government's failure to tackle coronavirus, its dithering, and even its active promotion of its spread through mechanisms such as 'eat out to help out', the UK is now one of around 20 countries with a significant second wave of coronavirus.

The risk we now face is enormous. Some forecasts suggest the NHS will be overwhelmed by 12 January. We then simply do not know how the sick and dying in this country might be managed. There will be no facilities available to help many of them, through no fault of their own.

I do blame the government for this.

We have insufficient vaccine. We know that its rollout is going to be seriously problematic.

Worse, policies that left schools open, that permitted inadequate tiers, and were always too late aided transmission. In turn that permitted the mutation to develop that is now underlying this current crisis. Scientists were ignored.

But so too was sound economics, which has been absent from this crisis from the start.

Furlough apart, almost every measure taken during this crisis, apart from business rates holidays, has been wrong. And even with that said, furlough has now lasted too long when broader based solutions have been required for some time now, whilst the business rates holiday is coming to an end. Whatever glimmers of hope there were are now fading.

As I stressed last spring, this crisis always required a decision to be made as to whom the government was going to support. The choice was between people and businesses, or landlords and bankers. The productive economy, versus the rentiers, in other words. The government chose the rentiers.

Vast amounts of money in the form of loans to business was shovelled through banks, on which they took fees but rarely have to accept risk. Indeed, by moving their existing risky loan books into government backed arrangements their overall risk in their loan books has reduced. This has been a great crisis for banks. Many have seen profits rise.

But businesses now have loans that have funded losses, and which they therefore have no means to repay. And they still have deferred tax bills to pay that leave them in the same impossible cash-flow position as this crisis continues. The solvency of thousands of businesses remains in doubt as a result. And insolvent businesses fail.

Meanwhile the mortgage holidays that could be applied for are coming to an end and the right to evict tenants in arrears is about to resume. Landlords have seen property prices increase as a result of government policy during this crisis. They're sitting very pretty, confident now that whatever happens the government will bail them out.

Many of their tenants are not so fortunate. Business failure is one threat to landlords. But the 20% or so reported increase in households in arrears on basic bills like utilities, mortgages, rents and council taxes suggests that a wave of tenant evictions will emerge this year and threaten a crisis of homelessness in the UK that could overwhelm social services as surely as the NHS is being overwhelmed by Covid.

And reinforcing this is the fact that the additional £20 a week in universal credit given during the crisis is threatened with withdrawal in April.

Furlough is also scheduled to end again. And the gross, and random injustice of that scheme, that provides considerable unemployment benefit for some relatively fortunate people who were in employment at the right moment, compared to those who were not, or were self-employed, continues. No wonder a private debt crisis is emerging.

And yet at the same time there is, of course, a boom in private savings. Government deficits have to be matched by increased private wealth. It is impossible for it to be otherwise. Double entry book-keeping simply requires this. And it is undoubtedly true that for significant parts of the population the coronavirus crisis has been a financial blessing, simply because income continued and outgoings were cut. But that is not true for everyone, by a long way. The social malaise of inequality is growing in our society, and quite probably around the world.

The government has shown no more awareness of this economic consequence of coronavirus, and the long term impact it will have, than it has of the epidemic itself. It has randomly binged money (no other term is appropriate), without reason, and with indifference to consequence, at both crises. The failure of policy in both cases is now all too clear. The economic costs will also continue long after we have eventually learned to accommodate this coronavirus, whenever that might be.

That is the inevitable consequence of this government having just two current priorities.

The highest would seem to be to profit its friends, and so buy their own post-politics careers. The second is to limit government spending because they believe, wholly erroneously, that we can 'run out of money' when glaringly obviously that is not true, as QE has proved. There can literally be no shortfall in the supply of money now to deal with the crisis that is happening.

However, just as coronavirus will need us to re-evaluate how we provide medical and social care in the future - and enhance our capacity in both - we also need to re-evaluate how we manage our economy. It was already imbalanced. It is now chronically so, with the direction of travel being that things will get worse.

After suffering substantial losses through no faults of their own many businesses in the UK are now massively under-capitalised. Simply continuing to trade is going to be a struggle for many. Investment is beyond their imaginations. What that means is that what we need now is an industrial strategy, which is something no UK government has had for decades. Money has to be spent, wisely. This is, of course, why we need a Green New Deal and a national investment bank to direct it, including by taking stakes in companies.

That though is not enough. We now need to correct imbalances. There is a case for windfall taxes on companies that have done well from this crisis, banks included.

And given the massive increases in wealth inequality we need to tax wealth a great deal more. Aligning capital gains and income tax rates starts the process. An investment income surcharge is essential so that wealth is not taxed substantially less than work. Rents may need to be targeted. Caps on total ISA contributions are essential. Pension reliefs must only be at basic rate. All really easy stuff to do, and quickly. A wealth tax can wait.

Critically, the proceeds must be redistributed, and not saved.

A universal basic income plus a job guarantee has now to be worked on.

And there is clearly more required. To create inter-generational fairness student loans have to be written off. And there must be better education in new education opportunities.

Top that with an effective replacement for inheritance tax, that includes lifetime gifts.

And never threaten austerity when there is need, because that crushes this country.

We need to begin again. It can be done. But it requires vision. Who has it, most especially at Westminster? Maybe the SNP? And they're going. How are we to address the crisis that we face?