

The Covid economic crisis is far from over

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I noted in a [video that I published yesterday](#) that the biggest economic stress from Covid is yet to come. Businesses reopening at the same time as the government withdraws its support is bound to create a new crisis in which many businesses will fail.

In this context I was interested to [note this in the FT](#):

The UK's audit watchdog is beefing up its enforcement and supervision divisions ahead of an expected raft of corporate failures this summer when the government withdraws its Covid-19 business support schemes.

As they also noted, the interim chair of the Financial Reporting Council qualified this comment by suggesting that it was inevitable there is going to be a lot more corporate stress in the UK.

I wish I did not agree with this, but I do.

It says to me that current economic optimism is deeply misplaced.

It also suggests that inflation fears are wholly inappropriate.

Our biggest risk now is that the government will believe it's own hype and think that this crisis is over. That is a long way from true. The economic scars are going to last for a long time as yet, and the biggest risk is still serious unemployment as businesses fail as they attempt to get back to 'normal'.

I just wish the Treasury understood that.