Government MUST NOT bailout airlines, banks or any privately owned business during the Covid Crisis. It should provide standstill legislation that trickles down to support EVERYONE and not just those who believe they are too rich to fail

Adam Tugwell | 16 March 2020

Reading over the weekend that Virgin Airways boss Richard Branson is seeking a £7.5 Billion Government bailout for the Airline Industry because of the Covid crisis gave me quite a jolt. Not because of what it says about the exponential impact of the worldwide outbreak of this horrid virus on British based airlines. But because of the long-term implications of another government writing out cheques to underwrite privately and shareholder-owned businesses as they did so in response to the 2008 Financial Crisis without any consideration for the long-term impact that it still has for us all.

To be straight to the point; it is not the responsibility of any government, the Taxpayer, public purse or whatever you want to call it, to bail out private business and especially not in such profit-orientated times.

It simply doesn't matter how bad the consequences might seem for staff, shareholders or anyone else involved. These businesses are not run as a public service. They exist to enrich the people who own them, not to prioritise the wellbeing of the people they serve.

It is certainly not legitimate for any politician, elected or otherwise to underwrite the rescue of any privately or shareholder owned business so that it can again become profitable whilst the public is saddled with a debt for doing so that has not or never will be repaid.

Whilst we might all be at least concerned if not genuinely worried about what the coming days and weeks will bring, there are remarkably few businesses or organisations that will not be affected in some way. Within these, staff will have to change where they work or be laid off if they have not already done so, and in a large proportion of cases they will find themselves with a reduced income, whether that be from losing work completely or finding their hours lowered or indirect income reduced from a reduction in expenses or some other specific way that they would normally accumulate what they count as being pay.

Small businesses are going to fail. Especially those that are owner led and may have none or very few employees, where margins literally pay a living wage to the owner and nothing more. Other businesses, if not all of them, will have to lay off many staff.

Without clever thinking on the part of Government and politicians which really starts to join up all the dots and goes way beyond the brainstorming of Dominic Cummings current weirdos and misfits team, businesses that were not only viable a few weeks ago, but also very profitable will overnight become a permanently lost cause.

It is genuinely the case that like birth and death being the great levellers that they are, Corona virus does not see wealth, status or any other factor as being a mitigating factor against its dark and malevolent cause.

Nobody has the right to be treated better or differently to any other in this Country. If this Government is to succeed in leading us all through a crisis of what could very well become an indeterminate length, it is essential that Politicians on all sides put equitable thinking and the consequences and knock-on effects of all this and how it is going to effect people and businesses alike at the heart of their decision making and at the centre of what should now be a purely non-partisan cause.

Whilst we have many experts who are putting forward their opinions and trying to pressure the government to change policy and go in different ways, the reality is that whether these 'experts' are economists, mathematicians, scientists or doctors, none of them are experts on the full and comprehensive complexity of the snowballing issues that this crisis is building. Even the political leaders themselves have never dealt with a situation like this one and none of them have a specific historical example to look back on which could be shoehorned into use as a blueprint for managing this 2020 pandemic.

The time to question the ability, decision-making and motivation of any politician is at election time. Not when a crisis of this magnitude comes to call.

For better or for worse, right now, we have the politicians that the electorate gave us and we MUST give them the support necessary to get something done that for some if not all of us is never going to feel right.

The question should therefore be not whether our Politicians are suitable for the jobs that they had in December – because public opinion has already concluded that for us.

The question must now be whether our Politicians can now adapt and think differently to the way that they historically appear to have always done so – without foresight, empathy or any reasoned ability to look beyond the situation that appears to be right in front of their faces and then think through the implications of everything that their decisions and responsibility will now touch and lead to not just one, but potentially many steps beyond.

When big names like Branson come calling and are given an immediate public spotlight because of the fickle world of media and celebrity we have been living in until now, we must all look to see and consider the realities that roll out beneath, in front of and beyond the self interest that drives these people and see the impact of every single decision government and influential people now make as being part of the same very big cause which is actually theirs, mine and yours.

Why does anyone want a bailout?

Right now, there are lots of businesses and whole industries asking themselves and looking to our Political Leaders to answer the question 'who will keep the lights on'?

But it is not the responsibility of the Government and therefore the Taxpayer (that's you and I…) to keep any business functioning when it cannot trade – no matter what the circumstances or cause.

To do so – with the way that our economy currently works – will help them now, whilst causing long-term pain for us all.

Sounds harsh I know. But if a business stops trading and isn't doing anything, so needs to be 'mothballed' even temporarily – what are the costs and how can or rather how should those costs be met in order to keep that business viable for when 'normality' can return?

Contrary to common parlance, no business is too big to fail and no individual is too financially rich to fail – that is if politicians are genuinely doing their job. It is only fear and lack of ability to take responsibility on the part of the people we have elected to lead us that drives decision making otherwise.

So no, in 2008, the Banks should never have been bailed out. And certainly not in a way that they could resume paying bonuses to staff almost immediately and then return to profitability whilst we the public will continue paying for what was a commercially created – and therefore avoidable mistake, now and for potentially many years to come.

The difference between the banking crisis and the Covid crisis is that in 2008, the implications of a financial meltdown were assumed because of the ideas we all have about money, what happens without it and how we all perceive it to be the controlling force within our lives. In 2020, the implications of the Covid crisis are all about how the spread and presence of a real disease WILL genuinely affect us all – not just about how we feel and respond emotionally – and in some cases irrationally – to it in our thoughts.

Income, what we ALL face and the trickle-down solutions that we ALL now need

Today, businesses are worried about trade and therefore income.

People and employees are worried about jobs and being able to work and therefore income too.

But why is income so important?

Income is important because we all have to live – which other than for food pretty much means to keep paying bills.

But who takes money from us when we pay the bills?

If we remove basic food and essential items from the equation, its commercial interests, whether it be for phones, TV, utilities (such as water, electricity, gas etc), services, loans, leases, rents or anything else.

So when we are all facing a situation that has the ability to leave none of us untouched, why should any of those private interests be able to continue to profit from what is essentially a genuine crisis, public emergency and therefore public cause, when any one of them in isolation will be able to resume their profit making activities without anything standing in their way once the Corona Virus crisis is over and life in the UK returns to something like what we agree to be the norm?

The answer is that they shouldn't.

And it is now that Boris and all of the wannabe politicians and advisors who surround him and inhabit our political system need to stand up to these interests that are indirectly responsible for so many of the ills that we face, simply because money and profit are their one an only motivation and cause.

The Government has the power to grant a moratorium on all non-essential payments and financial activities such as the accumulation of interest in every sense possible.

The Government can also underwrite the actual cost of providing essential utilities and services during this crisis period without any profit being payable to any of the private interests or shareholders who are involved in providing the 'public' services that we will all continue to need.

Standstill Legislation: extraordinary measures for extraordinary times

No individual can survive on around £90 per week in what we would now call 'normal times' and for any politician to say otherwise is to tell a disproportionate lie.

However, if the Country comes to a standstill – as it is quite reasonable for us to now expect it will do so, the suggested £90 per week, per individual or thereabouts that the DWP would pay through 'Universal Credit' or whatever the benefit paid to those laid off from work as a result of the crisis would be, would certainly be enough just for food and essentials per person. That is if 'Standstill Legislation' halted the requirement for all other bills to be paid and Government takes control of essential services so that everyone can function within their homes with no travel or any other form of expenditure required.

Done in blanket form, without exception for any company, industry or anyone else involved, Standstill Legislation would not only be a fair, but very practical solution to effectively shut down the wider, profit-based nonessential goods economy and put it on hold until we are all ready and able to move forward with life in this Country as one.

Legislation could include but not be restricted to:

- The temporary halt of all loan, mortgage, lease and credit card payments for all people and businesses, with payment plans resuming for full schedule beyond

- The temporary halt to all interest accumulation on credit for all people and businesses with interest only becoming applicable once again once we move forward as one
- The temporary halt to all council tax and business rate payments for all people and businesses with Central Government picking up the tab for revenue income flow for local authorities in-between
- The implementation of anti-profiteering legislation for all businesses able and continuing to function throughout the shutdown period requiring margins to either reflect pre-crisis trading or those of the specific industry in the period before
- Employers being able to lay-off staff until the crisis ends, with permanent staff being able to resume their positions as soon as the crisis ends unless the business can demonstrate that normal trading cannot be immediately resumed
- Universal Credit or rather a ‘basic income’ payable to all those out of work because of the crisis purely for food and essential items
- Government control of all essential and previously publicly owned services (Gas, Electricity, Water, Transport etc)
- A temporary extension of VAT payment windows to at least 6 months from 3 for any business continuing to trade during the Shutdown Period
- Staggered Taxation support for businesses that have been able to remain trading, applied relative to drop in trading
- Suspension of all EU derived working hour legislation – including removal of the restrictions on driver hours, driver CPC training etc.
- All tickets for holidays and events to be honoured within 12 months of normal activates being resumed or repaid – with the choice being that of the customer, or refunded by default if the event or holiday cannot be honoured for ANY reason which is identified at that specific point
- Supermarkets being required to focus on essential foods and items only with rationing in place for items that are in genuine short supply

If there is one very good thing that can come from the Covid Virus outbreak and the crisis that has created, it will be the opportunity for politicians and big business to recognise how none of their actions or decisions take effect in isolation or in the targeted way that they might think. Echo chambers are only something that exists on the internet, not in real life.

The reality is that the Covid Virus is not only exposing us all to a potentially life-threatening illness. It is also demonstrating how the lives of all of us are already exceptionally vulnerable, and that Government already has the ability to address the weaknesses of an unrestricted economic system where private interest and profit making at one end of the spectrum are indirectly or otherwise making life misery for many others in a wide ranging and incalculable number of different ways.

Yes, the suggestions that I am making would be only on a temporary basis and that is how it would have to be once normality returns. But until politicians actually start doing their jobs properly, taking responsibility and making life better and more equitable for everyone in many different and far-reaching ways, the chaos and hardship that the Covid Virus is now revealing will continue to be an example of the daily struggles than many British people face until we all start thinking and behaving like we are one.

Further Information

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