

## BUSINESS EYE

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# The worst of it is yet to come

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**T**his week's concerns about the health and wealth crises brought on by the dual Covid-19 and economic pandemics comes to you from an exhausted entrepreneur trying hard to plan ahead in these uncertain times.

You know times are uncertain when the potentially catastrophic Brexit trade negotiations hardly alter the dial. These are scary times.

The economy has already taken a major dive with nine million of the private sector workforce being paid by the

taxpayer on furlough. The economy has already taken the worst hit seen ever, worse than the Great Depression.

So, why does it not feel quite this bad? The reason is that although unemployment has reached three million for the first time since the 1980s, the worst of it is yet to come as firms are forced to react to the situation.

It is horrible to have to say goodbye to colleagues and friends who have been with you for years, but it is a necessity in these dark economic times.

Friendships are broken, anger and anxiety levels are raised and if you are the boss you are, of course, blamed by some who will never speak to you again. And these are just the tip of the iceberg of the social costs that will flow from a major recession.

The pain has not fully hit yet because we are spending more than the cost of the entire National Health Service

in furlough payments. This is completely unsustainable, and the government has no option but to wind these down, which it is doing with new part time, more flexible rules in the furlough scheme.

The hope is that we will see a sharp, strong bounce back now that shops are re-opening, but it is so important to make sure that we do not trigger a second wave. This is something the 36 per cent of us who say we are not yet comfortable to come out of lockdown are saying to ourselves.

On the dark side, it has been reported that we have experienced one of the highest per capita death rates and the deepest impact to the economy when compared with other countries.

On the bright side, we do have a tendency to sensationalise and make worse the facts in the Press and the recent OECD report explained that we have been more badly hit



Businesses are beginning to reopen, but we must be careful not to trigger a second wave. Photo by TOLGA AKMEN/AFP via Getty Images

economically for no other reason than we are a services dominated economy and suggested that we will bounce back faster than the others.

The government has only

three levers it can pull. It could cut taxes to free up money in our pockets, and a cut in VAT looks favourite. It can continue with income support in some form. Or, it can boost

industrial subsidies in, for example, the green sector and spending on infrastructure.

I suspect there will need to be an emergency budget and all three will see action.