Financial thought regarding LOCKDOWN

WM

Date: 2 August 2020 at 08:30

From LOCKDOWNSCEPTICS.org

Greed is good. The lockdown? Not so much.

My financial journalist friend who has made many anonymous contributions to *Lockdown Sceptics*has flagged up the latest analysis by James Ferguson of MacroStrategy Partnership. Unfortunately, it's not on line, but here is the executive summary:

> **What have we done?**
>
> The UK has effectively monetised its entire Covid-19 fiscal response budget, with HMG Treasury gilt issuance almost exactly

equalling the Bank of England's (BoE) gilt purchases, with the June decision to add a further £100bn of QE to the £210bn already decided on in March signalling to the government that their relief budget to date will total 14% of GDP. The OECD expects the impact on 2020 UK GDP to be -11% (-14% if there's a second wave) and government debt has soared to 115% of GDP.

One of the reasons for such an aggressive stance was the £14bn/month cost of the furlough (up to 80% of salary for 9.5m workers) but another was the need to protect the banks from excessive defaults. However, UK banks are in far better shape than they were on the eve of the GFC. They have more capital, more of it is loss-absorbing and with far fewer assets to buffer against.

Nevertheless, the negative consequences of the ill- informed decision to lock down have been huge and some might even prove permanent. What a shame therefore, that now the first wave has passed, we can see that the loss of life was no worse than the

> 2017-18 flu season and that the course of the disease appears no better than in Sweden, which has carried on near normal (the OECD expects 2020 GDP -6.7%).
>
> Conclusion: the UK lockdown, with all its attendant miseries, appears to have been completely unnecessary”

http://www.briefingsforfreedom.co.uk/