

Fighting the Virus Together Needs an Economy that Works for Everybody

It is clear that the normal functioning of the market economy will have to be suspended until we have successfully suppressed Covid-19 or we have a functioning vaccine. The Prime Minister yesterday said that this is like entering a war, and so we are proposing a wartime-style policy for economic management. To address the challenge of this highly contagious virus we must all work together, and everybody must be protected. More importantly, they must believe that our society is working for them.

This crisis is exposing the weaknesses in the UK economy and accentuates the longstanding need for a fundamental shift towards an economy that prioritises public health and resilience. Our policy response to Covid-19 needs to ensure that short term measures that are rightly focused on tackling the virus, putting public health first and ensuring no one struggles to have their basic needs for food and housing met, are designed so as not to hinder the structural changes to the economy that we need.

As a party we support a mixed economy and believe that the market system works best for the production and allocation of most goods and services. It has always been our position that public services and public utilities should not be operated in the market but that everyday products – like clothes and food, or services like hairdressing or accountancy – work best in a private market. So we are not motivated by an anti-market ideology or any desire for a command economy.

During this crisis we cannot rely on the allocation and motivation system of the private market. As in a war, the extraordinary situation of a pandemic virus requires considerably more public management of the economy. The possibility of shortages, especially of vital medical supplies, is real and must be contained. It is vital for the maintenance of public order that people believe these are being allocated fairly and according to need, not according to financial resources.

And no businesses could realistically have been expected to anticipate the political decisions that fighting the virus has required and so we must protect those that would have a viable future because we will continue to need them when this crisis is past.

The role of the state and markets in a time of crisis

We can celebrate now that the privatization of our health system has been limited. This means that the government has the power to immediately now shift the management of the NHS towards preparation for the coronavirus. It should immediately take powers to requisition private health resources and prepare them for emergency use.

However, other essential services including fuel, railways, phone and internet have been privatised. Greens have always opposed this privatisation because we believe that essential services should be in public hands for just such emergencies as we are in now. We propose that the government should take control over public utilities for six months, perhaps extending to a year. They should establish a body with the heads of the current private corporations, together with cross-party politicians and

civil servants, to oversee their management. All these utilities are likely to require considerable investment of public money and that will require political accountability.

Sharing value fairly

The main consequence of this policy platform would be to shift value in our economy away from the holders of assets and towards those who have immediate needs. This is to prioritise the saving of life, the needs of the most vulnerable in society and the protection of small businesses. Our economy is characterised, marred we would say, by an extreme concentration of asset wealth and those assets are used to extract rents. During this crisis, as the value of the economy is shrinking so rapidly, we cannot afford for rents to be paid, whether on property or on business and financial assets.

Therefore, for a period of one year, we propose:

- All mortgages and rents on property must be suspended, including mortgages on buy-to-let properties
- Section 21 evictions must be immediately suspended to protect tenants from homelessness.
- All payments of dividends should be suspended
- Pension schemes are provided with central bank loans to guarantee continued payment of pensions during the turbulence in capital markets

Supporting households' basic needs as incomes evaporate

We have seen proposals to support sick pay, but these were short term measures. We know that thousands will lose their jobs and they need to be assured of a secure income that will cover their basic costs.

We would propose:

- The introduction of a per-household credit against utility bills, related to the number of people in the household and an uplift for over 70s and people with disabilities. This would ensure that everyone can heat and light their homes and cook their meals, whilst not encouraging households to take advantage and adopt profligate energy usage.
- Introduce a flat-rate credit per household for internet and per mobile phone contract for a period of six months, possibly extending to a year, with companies now being publicly managed instead of relying on this revenue.
- Households that have lost their income or are already on benefits should have immediate access to instant grants through the Universal Credit system.
- The introduction of a basic income scheme to cover essential needs, primarily for food.

Industrial and regional policy for a Green New Deal

Greens believe that government should have a much more engaged policy in terms of which industries we should encourage in this country and where they should be situated. The coronavirus epidemic means the government must commandeer some industrial capacity and work closely with industries to ensure that they shift their production to what is most needed. Where we need to build new capacity this could be sited in areas of particular economic hardship in order to help reduce regional inequalities.

We can direct the emergency economic support in such a way that it breathes life into the long overdue proposals for a Green New Deal and energises the transition to a sustainable economy. This would ensure that, once we come out of the emergency period, we will have an economy far more prepared to tackle the longer-lasting and deeper climate crisis.

We are calling for:

- The development of a national economic triaging system based on the principle of funding businesses that have a future in the zero carbon world beyond 2030 and allocate government support on this basis. As a simple example, aviation companies would not receive support while renewable energy companies would.
- Businesses in transition to a zero carbon future would receive funding to help them undertake low-energy restructuring.
- A GND investment plan as a job and economic activity replacement programme, focusing especially on home retrofit.

Supporting small businesses through the crisis

Millions of jobs depend on businesses whose product or service cannot be made available during the period of social distancing. We would propose that:

- All rents, taxes, and other business costs should be suspended for six months with possible extension to a year.
- While it is painful, if they suspend staff rather than making them formally redundant, the package to support households should enable them to return to work once the social distancing is relaxed.
- Local authorities or LEAs should establish a business conversion department to suggest ways in which as many businesses as possible can adapt their model during the crisis, for example bakeries delivering while people are not visiting shops.

Making land and food a priority

As a country we are highly dependent on imported food and migrant workers in the agriculture sector. We cannot guarantee that food supply chains will not be interrupted. In addition to the basic income to cover food costs and the associated emergency response measures on food set out in the Green Party's solidarity pact, the government should respond to the immediate crisis in a way that seeks to dramatically improve the UK's food security in terms of affordability, accessibility and sustainability over the coming year.

- We would propose the requisitioning and repurposing of land to make it available for small-scale food growing.
- The creation of a volunteer land army to move rapidly onto this land to ensure that we are maximizing our potential for food sovereignty.

Considering the possibility of rationing essential goods and services

Any management programme such as this will fail if citizens believe that the wealthy are avoiding the pain and profiting from the crisis. It seems likely that if other measures are followed, we will not face shortages of food and fuel. But this cannot be ruled out and we should be making preparations now.

The government should prepare a list of essential food, fuel and other goods and prepare to prioritise transport for them if supply chains appear to become vulnerable.

Using our currency sovereignty to fund these proposals

How can we pay for these major investments? We have complete national control of our currency meaning that we are able to create currency as we need it through quantitative easing. In normal times, creation of currency on this scale could raise concerns about the value of the pound on international markets. At a time of crisis, a government acting strongly to defend its economy is indicating strength rather than weakness.

It is now well established that direct payments to citizens, such as recent payouts of Aus\$700 by the Australian government, support the economy more fairly than injections of cash into financial markets.

During wartime, governments including in the UK have printed money and spent it directly into the economy without increasing government debt and we need to consider this now.

In addition, we should establish as a matter of urgency a system of regional, cooperative banks that can offer private lending to local businesses. They will operate as a conduit for nationally produced finance to ensure that it reaches businesses in a responsible way and according to the national agreed criteria.