



Economy Recovery Post-COVID-19

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Biography

Granville Turner, Director at Turner Little (<https://www.turnerlittle.com/>), and brings a wealth of knowledge of compliance, tax and law to the business. Prior to establishing Turner Little, Granville was Company Secretary at a major PLC.

In work and in life, Granville combines an eye for detail with a heart for adventure. This comes through in his outside interests, from developing a passion for restoring violins in his thirties, to learning to pilot helicopters in his sixties.

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Abstract

We are truly at a historic moment. Almost overnight, COVID-19 and lockdown changed the face of our economy and its legacy will be felt for decades. Financial markets can tell us a lot about the economic recovery ahead whether it be a V-shape – indicating a short-lived economic downturn with a quick return to previous levels of output; or a U-shape where we can expect the recovery to take longer; or in fact an L-shape where there is near-term recovery and taking many years or even decades to recovery. So as we recover into a world of slow growth we cannot be complacent about the risks.

Introduction

Almost overnight, COVID-19 and lockdown changed the face of our economy and its legacy will be felt for decades. The coming months and years are undoubtedly going to be the most challenging in our lifetime for our economy, society and many of us individually. Unemployment, low productivity, declining competitiveness and low innovation will be hard to resolve, and the post-coronavirus world is going to be very different from the world we left behind in March.

The US unemployment rate more than trebled in a single month, whilst in the UK more than four out of five retail outlets temporarily closed their doors. The government-imposed recession has also seen the government step in to support businesses on an unprecedented scale, with one in four workers having their salary supported by the furlough scheme.



Analysis

Support for individuals and businesses has gone further than ever before, with banks offering mortgage payment holidays and suspending interest payments on credit. This reflects not only the political economy of the government-imposed nature of lockdown, but also what we have learned over recent decades about economic recovery.

Mitigating risk

We are truly at a historic moment. The COVID-19 crisis could mark a turning point in the direction of the UK's economy. The government is faced with a choice, to either use this moment to build a stronger, cleaner, fairer and more resilient economy, or further entrench an economy driven by debt-laden consumption.

We are under no illusions that we will recover to a world of slow growth, but we cannot be complacent about the risks. There are significant challenges and opportunities that the world is facing that are influencing long-term trends, and there are likely to be calls for those who benefited most from the lockdown to contribute most to paying for it.



Innovation

COVID-19 should not prevent us from finding innovative ways to accelerate progress. Now would be the right time to introduce fiscal, labour, pension, social,



environmental and economic reforms. Governments and businesses could take this opportunity to act quickly, promoting full financial inclusion, the transition to a cashless economy and provision of better, more efficient services. It is an opportunity to rethink healthcare systems, digitize sectors of the economy accelerate productivity and encourage digital innovation.



According to the latest *Global Economic Prospects* report¹ from the World Bank, the global economy will shrink by 5.2% this year. This would represent the deepest recession since the Second World War, with the largest fraction of economies experiencing declines in per capita output since 1870.

So if you are interested in finding out more about how to protect yourself, your business and your assets during a recession, get in touch with us today. We specialize in creating bespoke solutions for individuals and businesses of all sizes. The knowledge and expertise of our specialists will be able to assist with any enquiry, no matter how complex.

Reference

- ¹ The World Bank Group (2020), "Global Economic Prospects", June 2020 Flagship Report, <https://www.worldbank.org/en/publication/global-economic-prospects>