

English for Life in the UK

23 June 2020

Episode 24 - Coronavirus and the Economy in the UK

(Music)

(Mark) Hello and welcome to Episode 24 of the podcast, English for Life in the UK. This podcast is for intermediate-level learners of English and is produced by a group of volunteer teachers from the St Augustine's Centre, in Halifax, Yorkshire, where we provide a range of support and advice for those in need, and particularly to asylum seekers, refugees and migrants.

The aim of this podcast is to help those of you wanting to improve your English and at the same time learn more about life in this country. We think that one of the most effective ways to learn any language is to listen to a number of native speakers, talking in a natural, everyday way, about a range of subjects. So, you will find that we sometimes interrupt each other or change what we want to say, part-way through a sentence. And we each have our own particular styles and accents, just as you would come across in everyday life here.

We choose subjects that we hope will be of general interest and also may help those who want to become British citizens and will need to take a citizenship test at some stage.

You can find links to other episodes and the transcripts - that is, the written versions of the podcasts - at our website: www.staugustinescentrehalifax.org.uk

Here you can also find more information about the Centre, other support that's available and, for any of those who can afford it, how to make a donation to help keep our work going, particularly in these difficult times.

Today's episode is about the **coronavirus and the economy in the UK**. It is brought to you by Sheena, John, Christine and myself, Mark.

(Music)

(2:30 minutes:seconds)

(Christine) OK, so this week we are going to be talking about coronavirus and the impact it's having on the UK economy. Obviously, like all over the world, people are not working - public health fears are keeping people at home. And, like many other countries, the Government has stepped in and is paying to paying the wages of people who are not

able to work, because many people aren't able to go to work at the moment.

They've ...They've got a scheme called 'furloughing' - that might be a new word to you - it was a new word to me! Spelt F-U-R-L-O-U-G-H, and it means, taking a break, particularly from military service: that's where it's usually used - has been used in the past, but nowerm ... now **employees** in the country are being furloughed. That means that the Government is paying 80% of their wages and right now there are 9 million workers, or nearly 9 million workers, who're receiving 80% of their wages from the Government. The Government are also helping the **self-employed** people and there's more than 2.5 million self-employed people who're receiving grants from the Government. At the same time, a lot of people - a lot more people than normal, are applying and receiving benefits - particularly, universal credit [see *episode 20 for more information on universal credit*]. There are 1.8 million people - new people - receiving universal credits.

And, of course, what's happening now, is that the lockdown is being eased, gradually.

And ... But it's not ... the economy is not just going to spring back. There are concerns that jobs are at risk. There seems to bethose jobs that are lowest paid seem to be at greatest risk. Er ... 26% of people who earn between £10,000 and £25,000 a year have had a drop in their income, at the moment, and only 3% of those earning £40,000 or more.

And also, the coronavirus has affected different sectors of the economy very differently, naturally, of course. And, I think, Mark, you were going to tell us something about the retail sector. How that's been effected. I presume it's been one of the hardest hit.

(M) Yeah - thanks, Christine. Yes, so when we talk about the retail sector we basically mean shops. We mean the buying and selling of goods, usually through shops. It's complicated to talk about the impact of the coronavirus in one sense, because there was already significant change happening in that sector. Erm .. over the last few years, more people have been **buying goods on-line**, and less people going into shops. Nevertheless, the shop sector, before the coronavirus, was still huge and it is reckoned that retail employs, in one way or another, about 3 million people - or was employing 3 million people prior to the lockdown.

And shops have been one of the biggest things effected, so until very recently, almost all shops were closed. Some supermarkets have been able to keep open, chemists have been able to keep open, but most of the rest of the shops have been closed. Some of them were

opened last week and there will be some more shops able to be opened in the next week or two. But meanwhile, people - lots of people have got used to buying things on-line.

(7:20)

Certainly I have. I've bought far more stuff on-line, in the last few weeks, than I have had before. And maybe, maybe I will carry on doing that and maybe other people will. Having said that, when the shops did re-open, there were quite long queues of people wanting to go in.

Erm ..there were queues particularly at clothes shops where [that] hadn't been operating online before. "Primark" was an example that was given. My own personal survey when I drove through a high street recently, the longest queue was actually at the bank, which surprised me. So, we are in this position now, where shops are starting to open again. Most economists seem to think that the ... most of the large retailers will probably survive, but many of the small ones will struggle and many small retailers - independent shops that aren't part of a big chain, part of a big company, they may well be the ones most at risk. A very uncertain period for retail, just starting up again now. Most certainly, in the future, now more buying and selling will happen on-line than in the past. I would hope that people will still want to go to shops, particularly small independent shops, for the the experience of shopping, but for the future of the economy, this is a very uncertain period for the retail sector.

(C) So, Sheena, you were going to tell us something about the tourism sector. I'm sure that that is one of the parts of the economy that has been very badly hit by the coronavirus.

(Sheena) Erm, yes - I think it has - and like in the retail, as well, I think there is like still a lot of uncertainty about things. Er ... Britain, the UK, does have a large tourist industry. I was surprised to be honest, that one in ten jobs in the world rely on tourism; and, that's the same percentage that I have for the UK - that 10% of the population are involved in tourism, in some way. Erm .. the problem is that tourism relies on the same kind of mobility and movement that spreads the virus, so it's really a difficult sector to open up again, as well. In normal times, ...some facts: the tourist industry is worth around in the UK £127 billion a year. It supports 200,000 small and medium-sized businesses and employs, like the retail sector, around three million people. In some places, it's around 8% of the workforce, but in some holiday destinations it's up to 35%: more than a third of the local population are involved in tourism or hospitality. The timing of this pandemic was bad for everybody but

very bad for the tourist industry as well because over the winter, there's very few, very few attractions open, so some people in the business - small providers - accommodation providers, restaurants and cafés, won't have had any income, really, since last November, so expected that Easter was going to be, y'know, the start of the season, where they would start - start bringing money back in again. And somewhere like Cornwall estimated that they've lost £300,000,000 (three hundred million pounds), in the Easter period alone. So, everyone lost out at Easter erm ... and the impact now is probably going to be massive. Somewhere like the Lake District which normally expects 16 million visitors a year, are saying that they might lose a third of their workforce after the impact of coronavirus.

There has been help from the Government. One of the facts that I saw, was that 80% of the people in the **hospitality** and tourism industry have been furloughed - so that's 80% - and that it's the highest per cent of the population of workers furloughed: more than any other industry in the UK. I know there's been grants and I think you've mentioned those, Christiine - some people have been eligible for grants. But a lot of people, I think, or a lot of businesses, have fallen through the safety net and have received very little money. The Government are hoping to have an extra bank holiday this year, to help tourism. In October, they're talking about an extra holiday in the hope that that will help out. Erm ... I'm just not so sure what will happen really. It's a complex area because there are so many different factors - there's the holiday companies, that maybe get people to an area, then you've got to have accommodation and then you need the food and drink for the people as well. So all those different areas will be impacted and in some way they need to work together to make it successful.

(13:32)

(C) Thank you, Sheena. A lot of uncertainty as you said, as did Mark, when talking about the retail sector. And John, you've been thinking about ...in broader terms, how will we pay for this? Because, of course, the Government is spending so much money to prop up the economy, and allow people to carry on, during this lockdown, but we will pay for it in the long term and what will we do?

(John) Well that's ...that's a very big question, because er... the furlough system that you referred to, and the grants that Sheena talked about: the Government has to find the money from somewhere. Erm ... So this has caused a lot of very big questions. As we've said before, as Mark said, this is unprecedented: we've not seen anything like this situation, probably since

the Second World War, in terms of the effect on the economy and in terms of the - erm - input that the Government has to make, to help the economy. So just some of the figures are quite staggering, really; erm ... the UK economy since the start of lockdown, has shrunk by 25%, which is a huge, huge figure. So one of the things that we hear being talked about is the idea of the recovery. So obviously we're going through a period of the economy shrinking. We *hope*, obviously, that the economy's going to recover. We don't know if there's going to be a second wave, of Covid, so we don't know if there's going to be another lockdown. So one of the things the economists have discussed is the idea of a V-shaped **recession**; so, if you think of the shape of the letter V - that goes down very quickly and goes, hopefully, straight back up. So there is the fear that some economists have posited that it could be an L-shaped recovery. So in the shape of the letter L - so it goes down very sharply and then **bottoms out** and goes along the bottom. So we really don't know - and the most experienced economists don't know - because we've not really experienced anything like this before. Erm .. as you say, the Government and there is a lot of contradictions as well, because we have a government who are a centre-right government, who would normally be hands-off: in terms of dealings with the economy, they would let ... they would let firms and companies get on with things, without too much interference from the State. But we've got the position now, where a third of the workforce through the furlough system, that you mentioned, is effectively being paid by the State. So, some very big questions about how we're going to pay that money back. (The) Furlough system and the grants that you've talked about are going to land us with a bill of anywhere between £300 and £500 billion. Now the Government's going to have to find that somewhere for - as they would say, 'to **balance the books**'. And I think politically, there's not really any appetite for any more austerity, because that's going to be very difficult for the Government to impose further cuts in public services, wage restraint on the nurses and the doctors who have got us through Covid. So, I was reading an article in the Guardian newspaper and the previous 'Brexit' Secretary, a guy called David Davies, has put forward the idea of paying this back over 50 years, which is phenomenal, isn't it? When you think y'know, that ... that could we could be paying this debt back for half-a-century, according to some of those estimates.

(17:43)

(C) Thank you, John.

(M) I'm just wondering, John, whether you would say something about borrowing, because actually what the Government has done, effectively, in order to get through this period, is that it's borrowed an awful lot more ... in fact I think it's both borrowed and created - money in a way that it wouldn't normally do, in normal times.

(J) Yeah, and then one of the things that many economists do point out - the Government is in a strong position, in terms of borrowing - they can borrow at very, very low rates of interest. So that's something that people point to - it's not a problem to borrow. OK? The other side of it, obviously, as well, is that the Government can engage in, what you may have heard of, called 'quantitative easing' - which is effectively printing money. That's something that Conservative governments have been *loathe to do* in the past, because it's seen as something that can lead to inflation. Erm, but at the moment, the figures for inflation, for a government the UK Economy, y'know, is seen as being in good health, so they're able to borrow at historically, very low rates of interest.

(C) There are some positive effects of this lockdown. It's not all gloom and doom. There has been potentially quite a positive impact on the environment. Because there's been a we've had to shut down so much transport, so many more people are required to work at home, whereas previously employers would say, 'No, that's not possible: everybody's got to be in the office at 9.00 and not leave 'til 5.00'. They've had to do things differently, and so, that might be of long term benefit, certainly to the Green economy. Are there other advantages?

(J) There's been an increase ... erm, well - there's been a decrease in air pollution, many of our cities have ... there's been a resultant increase in the air quality as you point out, due to the less traffic, less factories, but y'know, these things aren't sustainable really, because things will eventually have to return to normal levels of production. So, it's er - but as you rightly point out, there might be an increase in people working from home. People might start to do things, do things differently, yeah.

(C) Thank you very much, John.

(Music)

(20:30)

Language Support

(M) In this part of the podcast, I choose a few of the words and phrases used in this episode and explain them in a little more detail.

There are some words that we used here that were related to the topic of the economy. So - for example, we talked at one stage about '**employees**' - so an employee is somebody who works for somebody else, or for a company. Then there is an **employer**. An employer is the person who runs the company - and who takes on the people, who employs the people to work for that company. And then finally, we talked about people being **self-employed** and that means when you have your own business and you are working for yourself.

I talked in the episode about there being an increase in people **buying on-line** that means using the internet to buy goods and services.

Sheena talked about **the hospitality sector** - that was part of tourism - now **hospitality** can mean welcoming people into your home or a place, but when we're talking about hospitality in terms of an area of business, an area of work, part of the economy - then, we mean providing for people who are visitors to a place - accommodation, food and entertainment. So the **hospitality sector** of the economy is particularly hotels, restaurants, bars and places of entertainment.

(22:58)

John talked about a **recession** - a recession is when an economy, instead of growing, is actually getting smaller; and technically, if you have six months of an economy, where it has been getting smaller, rather than growing, then, that is called a **recession**.

John also talked about governments wanting to '**balance the books**'. Balance the books means they want to try to make sure that the money they've got coming in, for example, through taxes and through selling of services, is at least at the same level as the money that is going out - that they are spending on public services or, in this case, spending on new schemes, to try to protect the economy during the virus.

Then there were some more general phrases used in this episode.

Christine wondered if the economy would '**spring back**' after the coronavirus. Now a **spring** is usually a piece of metal which you might have in a bed or in a sofa which would squash down and then go back to its original shape and size and that allows things to be bouncy and comfortable. If we're talking about will an economy **spring back**, we are saying will it bounce back, will it get back to how to it was before the coronavirus?

John said that when it came to printing money, this was something that governments were **loathe** to do. Something that is **loathsome** is something that is intensely disliked. So if you **loathe** something, you dislike it very strongly. So the government was loathe to do something; something it doesn't like to do.

And finally, John wondered when the economy would '**bottom out**'. When something is going down, is getting worse, as the economy is at the moment, you wonder at what point it reaches the bottom of that decline, and then, starts to get better. And that is what we mean by **bottoming out** - it means reaching the bottom of this decline, after which things should get better.

Well that's it for this week. I hope you've found this a useful and interesting subject, and that you have learned some new vocabulary and phrases. We look forward to joining you again in the near future. Good bye, for now.

(Music)

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