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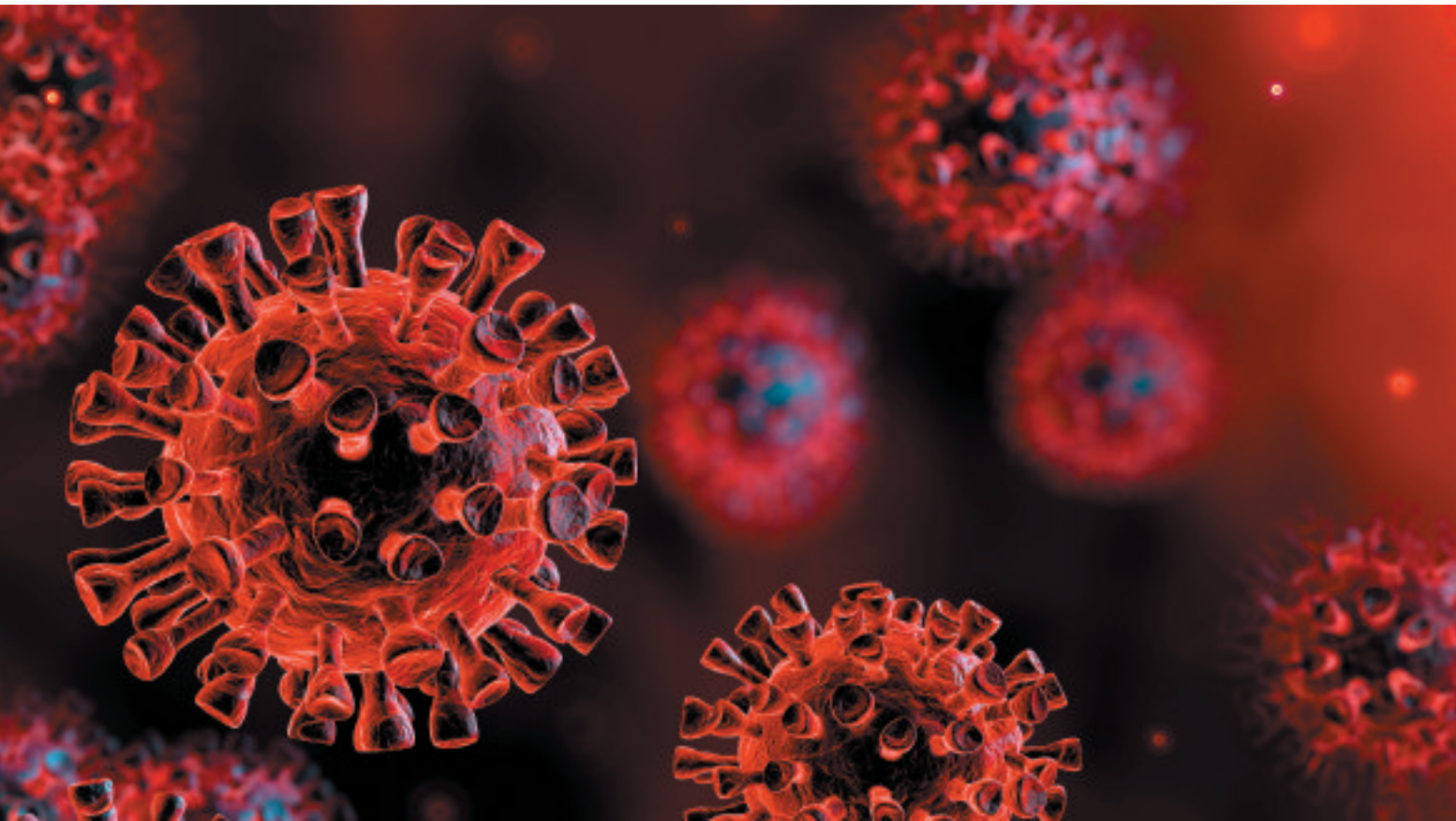
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# 2020: A time to remember



**Professor Frank Peck, of the University of Cumbria's Centre for Regional Economic Development, says we must look beyond the current Covid-19 crisis and hope for a less pessimistic future**

The first quarter of 2020 will be remembered. Only a few weeks ago, we might have thought that the UK's formal departure from the EU on January 31 would be the standout event. But in the short term, leaving the EU has been completely overshadowed by the threats posed by the spread of Covid-19.

Officially declared a pandemic by the World Health Organisation on March 11, the situation has developed rapidly.

There is still much uncertainty surrounding the details of this disease; exactly how it spreads; how contagious it is; when it might

reach a peak in different countries; what impacts the mitigation measures might have on economies. Experience of previous outbreaks of disease has clearly informed responses to the current crisis.

While one outbreak cannot be used to predict the precise outcome of another, previous research does provide understanding of the types of economic impacts that are likely.

The SARS (Severe Acute Respiratory Syndrome) outbreak in 2002-3, for instance, shows a range of impacts in affected countries that bear striking resemblance to emerging current experience – a major decline in international air transport; a significant fall in international and domestic tourism;

a major drop in accommodation bookings; very low hotel occupancy rates; a sharp decline in the market for restaurants, cafés, leisure and entertainment; a general fall in retail sales.

In Beijing, for instance, in May 2003, international tourist arrivals were 93.8 per cent down on May the previous year.

There were also significant falls in hotel occupancy (-81.5 per cent); expenditure on food and drink services (-39.7 per cent); and retail spend on clothing (-32.5 per cent).

These economic impacts are clearly linked to self-imposed or regulated control of movements of people and avoidance of situations involving close contact with others



Cafes and bars are among the businesses worst hit by Covid-19

in response to the risk of infection.

Governments have a difficult task in balancing the health needs of the population against the negative economic impacts of interventions designed to control or mitigate the spread of the disease.

In the UK, several key instruments to support the economy were announced in the Budget on March 11.

They have been described as a generational change in the level of spending, particularly on long-term infrastructure projects.

The newly-appointed Chancellor Rishi Sunak, also announced a £30 billion package to combat the spread and address the economic impacts of the virus.

In the context of coronavirus, the announcement of a major commitment to invest £600 billion on roads, rail, broadband and housing by mid-2025 has received scant attention. So too, debate surrounding the regional implications of Government spending decision that were so hotly debated following the General Election has been temporarily suspended.

In time, these issues may be revisited, but for the time being the focus is exclusively on the short-term imperative to protect health

and sustain the economy.

For businesses in Cumbria, the direct impacts on staffing levels through sickness are currently not widespread – though this situation could obviously change rapidly.

There are, however, existential threats to businesses caused indirectly by changes imposed on people’s behaviour.

The severity of the crisis for many businesses, particularly those in the hospitality and retail sectors, cannot be exaggerated as markets for their products and services have virtually collapsed within days.

While positive statements are hard to find, research on previous epidemics has identified a bounceback effect.

The SARS outbreak was officially declared over after nine months in July 2003 and its effects were largely contained within China and neighbouring Far East countries. Some economic losses were permanent, but others were temporary as restrictions on movement were lifted and individuals revisited plans to make purchases that had been delayed, took holidays that had been postponed or worked overtime to make up for lost income.

Of course, the present outbreak of Covid-19 has already spread far

more widely and rapidly than SARS.

Even so, the cycle of SARS shows why understanding the factors that influence the shape of the current coronavirus curve is a major focus for policymakers.

The resilience of businesses in Cumbria has been tested many times in the past 20 years by foot and mouth disease, a succession of flood events, financial crisis and the effects of Brexit negotiations.

In a real sense, dealing with uncertainty is not new, but the present economic crisis is far more potent due to the multiple demands on public resources, the holistic nature of simultaneous threats to markets, staffing and supply chains, as well as the uncertainties surrounding the timescales involved.

Getting the right resources to where they are needed quickly is now a vital test for those involved in business support.

Much now also depends on the timing of the peak of the pandemic and when restrictions on movement might be relaxed.

We look ahead to quarter two in hopeful anticipation of signs of control of the spread of disease and a less pessimistic scenario for the business community.