

Economists warn the UK economy could shrink by an eye-watering 7.8 percent overall in 2020

By Helen Cahill, City Correspondent for The Mail on Sunday

Britain's economy is set to suffer its worst year for a century as the jobs market is crippled by the coronavirus lockdown and firms go bust, economists warned last night.

The economy is now predicted to shrink by an astonishing 7.8 percent overall in 2020, analysis by banking giant Nomura has found.

That would represent the most severe hit to livelihoods since a 13 percent slump in 1921, when Britain's exports collapsed and the post-First World War boom was ended by a fierce deflationary spiral.

George Buckley, UK economist at Nomura, said this year's crash would easily surpass the 2008 financial crisis - when the UK economy suffered a 4.2 percent fall - and the lows of the Second World War.

As millions of jobs and at least 800,000 businesses are feared to be destroyed within weeks, Labour politicians are accusing Mr Rees-Mogg of profiteering.

Labour leader Sir Keir Starmer said: 'Nobody should be seeking to take advantage of this crisis. We should all be asking ourselves what we can do for our country and each other.'

Shadow Chancellor John McDonnell called the move 'sick', adding: 'Profit seeking from suffering is nearly as low as you can get. When we come through this we need a tax on profiteers.'

Father-of-six Mr Rees-Mogg stood down as a director of SCM to become Leader of the House of Commons.

He is reportedly worth £100million.

Owning at least 15 percent of SCM explains how he was entitled to a reported £1million share of last year's nearly £20million profits.

SCM was founded in 2007. Mr Rees-Mogg's office had declined to comment.

Oliver Crawley, a partner at SCM, said: 'The human cost of the virus is devastating and we take it very seriously, but our job as investment managers is to remain rational during periods of extreme volatility, in order to carefully invest our clients' savings and pensions for their long-term security.'

Coronavirus crisis 'could push unemployment levels in UK and US beyond record numbers of the 1930s Great Depression'

Unemployment caused by the coronavirus crisis could in months be worse than during the 1930s Great Depression, a former Bank of England official has warned.

David Blanchflower said unemployment is rising at the fastest rate in living memory as job losses mount around the world and in the UK.

He warned that there has never been a 'concentrated business collapse' on the scale seen in recent weeks as the Government forced all non-essential firms to close.

In March, 10million people in the US applied for unemployment benefits, while in the UK there were grim warnings of the jobless total hitting 2.75million by June.

During the Great Depression, unemployment hit 24.9 percent in the US and 15.4 percent in the UK, over several years.



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But Prof Blanchflower said unemployment in the UK could rapidly rise to more than 6million people - which is around 21 percent of the entire workforce.

This was based on analysis of US job market figures suggesting unemployment could peak at 52.8million, which is around 32 percent of the workforce.



David Blanchflower said unemployment is rising at the fastest rate in living memory

Prof Blanchflower was a member of the Bank of England's interest rate-setting monetary policy committee during the financial crisis in 2008.

He wrote in The Guardian: 'The Government has tried to respond but it has no idea of the scale of the problem it is going to have to deal with.'

'We make some back-of-the-envelope calculations and they are scary.'

Mr Blanchflower, who is now a professor of economics at Dartmouth College in the US, was making his assessment alongside David Bell, an economist at the University of Sterling.

They warned that the collapse in business activity amid the coronavirus lockdown, along with the accompanied rise in unemployment, looked as though it was at least 10 times faster than in the recession following the 2008 financial crisis.



Professor Blanchflower wrote: 'There has never been such a concentrated business collapse' (pictured, a single red London bus travels past closed shops on Regents Street in London)