## The Daily Telegraph

## It isn't only 'key workers' who are essential to our crisis economy

Ryan Bourne

March 29, 2020

Are you a "key worker" operating in an "essential business"? Boris Johnson's lockdown, declaring the public "must stay at home" for three weeks unless leaving is absolutely necessary, has prominent voices asking such questions, usually about others.

Broadcast journalists highlighted the concerns of call centre staff and Sports Direct employees worried about being exempt from the order. Implicit was a belief that only health workers or those helping deliver life-essential supplies should venture out.

Condemnation of users of packed London Underground trains, despite severe cuts to services, suggests people think the street sweepers, electricians, construction workers, and bank tellers packing into carriages have disposable roles during this emergency.

Labour concurs. Jeremy Corbyn's party thinks only the 22pc of us defined as "key workers" by government should have permission to work outside the home. That only constitutes employees in health and social care, education, public services, the food industry, public order and transport.

Health secretary Matt Hancock was criticised for saying that "where people absolutely cannot work from home, they can still go to work. Indeed it's important they do to keep the country running". But he was right. Direct consumer-facing businesses can be closed without much fear of negative knock-on effects. Yet most other businesses play small, crucial roles in supply chains or services that keep modern life operational.

Take the food industry. Supermarkets are more important than ever. But to keep shelves full requires not just lorries, farms, and port workers, but manufacturers or recyclers of food tins, plastics, warehouse and store machinery, cardboard boxes, and more.

Then there's the IT services, accountants, technicians, the stores' cleaners, the petrol stations for the lorries, motorway services, and all the jobs that ensure these industries themselves can operate, from chemical plants to commercial facilities (such as laundries), communications through to farm tools and energy suppliers.

Imagine the complexity of the NHS's inputs. The ventilator, mask, and hand sanitiser producers presumably need to keep operations running as a matter of emergency. But so do the other private services, such as machine manufacturers, service and support firms, and technicians that run healthcare beyond frontline staff.

Some industries that even seem tangential to the crisis are obviously still important. Key workers have to travel. If their car breaks down, they require a mechanic. People without access to online banking might require physical bank or post office services. Call centres might seem

superfluous, but if you want to report an electricity or boiler problem, you'd probably be grateful for someone from the company answering your call.

An industry here, an industry there – pretty soon you are talking about substantial parts of the economy. When thinking about it carefully, it's difficult not to conclude that the government's lockdown approach of more targeted closures and guidance was entirely correct.

First, they extended existing closure orders to include most entertainment, leisure, hospitality, and non-food retail industries (albeit with a range of sensible exceptions). Second, guidance was given that anyone who could work from home should and that any businesses remaining open should implement social distancing.

Third, they announced these existing measures would be reviewed after three weeks.

Yes, communication of that policy was cack-handed. Explaining that only those for whom leaving the house was "essential" to work should do so was misinterpreted as "only essential workers should go out".

But the philosophy of the government's approach – closing certain industries, rather than closing all and granting exemptions – was eminently sensible. We don't want ministers inadvertently closing firms that serve crucial input roles for key industries not immediately obvious to Whitehall.

For once you examine the family tree of any industry dubbed "key", you see a vast web of interconnections that nobody in government could assume. From suppliers, to on-call support, and complementary business and security services, that effective division of labour, with businesses specialising and trading their goods and services between each other, is a key reason why our economies are so rich.

Similarly, tasks allocated between employees within companies create specialisms. You might not consider your role as an on-call IT contractor for a food supplier as "essential" right now. Yet if that firm's IT systems break down and nobody can get it up and running, havoc could be wrought on the local food supply when consumer demands are already volatile.

One reason this pandemic is so destructive, even beyond the induced-recession of mass closures and social distancing, is because it disrupts supply chains and takes workers out of important roles.

Grand declarations that all "non-essential businesses" should close would further risk shutting down activities whose absence might cause real damage to the delivery of effective transport, food, or healthcare.

Ryan Bourne occupies the R. Evan Scharf Chair for the Public Understanding of Economics at Cato.