

Time-Slip Economic Management

A plan to save lives, protect jobs, personal and business finances, and the Australian economy during the Covid-19 Crisis

During the Covid-19 crisis, the non-conventional economic policy of Time-Slip Economic Management would allow the Australian government to give absolute priority to saving lives.

Jobs would be protected until after the crisis, without employers paying wages or keeping the business open. Only workers in essential services would leave their residence for work, thus greatly restricting spread of the infection.

Applied for three months covering the June Quarter (April- June 2020), Time-Slip Economic Management would also protect personal finances, businesses and assets, and assist recovery of the economy after the crisis.

By temporarily removing the financial burdens of rent, mortgage, loan repayments, and utility costs, Time-Slip Economic Management would stop rental evictions, avoid mortgage foreclosures, and promote community support for actions to stop the infection.

Coupled with a “Crisis stipend” to cover food and essentials, Time-Slip Economic Management would avoid anxiety about personal finances, and likely make people more willing to carry out instructions and volunteer for essential duties.

The estimated expenditure for this Time-Slip plan over 3 months is \$ 37 billion.

The estimate for a Recovery Plan over the following 6 months is \$ 63 billion.

What is Time-Slip Economic Management ?

Time-Slip Economic Management is a tool to deal with catastrophic interruption to normal financial activities. It allows governments and people to focus on dealing with a short-term crisis. It allows maximum effort on saving lives, providing food, shelter and medical care, and it protects jobs and individual, household and business assets.

Time-Slip Economic Management is **not** a theoretical system. It does not ignore or try to replace mainstream or orthodox economics. Nor does it come under the umbrella of heterodox economics and related monetary or employment systems.

In terms of the Covid-19 crisis, Time-Slip Economic Management is a response to the knowledge that saving the lives of tens of thousands of people is far more important than financial conventions. By legislation or agreement, Time Slip Economic Management allows a few weeks or months of selected financial activity to be cancelled or “evaporated”.

The calendar days during this financial intervention still exist and stay on the record. But the accruing of interest on loans, and fees for time-based charges such as rent do not apply during the time-slip period. At the end of the period, it is as though the time did not exist for those specific financial conventions.

Time-Slip Economic Management freezes selected economic activity for a specified period. In its simplest application, all rents and loan repayments would be waived for the time-slip period. Rent and loan repayments would re-start after the period but no rent or repayments would have to be made up for the time-slip period.

For mortgage repayments, these would be suspended during the time-slip period. There would be no penalty payments or threat of foreclosure. Repayments would start again after the time-slip period, and the principal owing would be as it was at the start of the period. Thus the length of the loan would be extended by the time-slip period, the “missed” repayments likely being made years in the future and not having accrued any additional fees or charges.

In Australia, we have become accustomed to a stable and reasonably predictable financial system since Federation and especially since the end of World War 2. There have been so called “black swan” events such as the GFC in 2008, but in Australia; the Government, the legal system and the banks have remained stable. Australian citizens have abided by the financial conventions of paying for purchases, of obtaining loans at the rate set by the lender, and paying loans off in the prescribed timely payments. We accept a financial system where time is money, payments are set like clockwork and delays are punished. It is a system that does the job well and fairly in predictable times.

The Covid-19 crisis has taken us into unpredictable times, and there is inevitably worse to come in the next weeks, months and possibly years. Economic management needs to meet the challenges of the time. And that is where Time-Slip Economic Management can help. It is an alternative, pragmatic economic tool to use as a short-term fix when orthodox economics would destroy the wealth, assets and social system that it usually sustains.

Time-Slip Economic Management uses time as a tool to avoid economic collapse. Instead of waiting for the collapse and widespread, long-term financial damage, it creates a different, short-term structure with different but fixed rules.

If applied for three months, Time-Slip Economic Management “evaporates” three months of selected financial activity. As near as possible it balances profits and losses, leaving the economy where it was before enactment. The value of interest on money in the economy is lost for those three months but the assets remain intact.

As a comparison, imagine the usual, orthodox economy as a person who goes swimming at the beach every day at 8 am. One day, as they are about to dive in, they see twenty large Bull Sharks swimming in the shallows and the Life Guard says there are Tiger sharks and White-Pointers further out. They could say: “I always go swimming here at 8 am”, and dive in with little chance of survival. Or they could sit on the beach that day, and go swimming the next day when there are no sharks. They would miss one day of swimming, but live to swim on many other days.

Social and economic problems due to Covid-19

The Covid-19 infection is spreading. It is a pandemic and there are huge numbers of people infected and tens of thousands of deaths across the world. In Australia at 2 April 2020 there were 4,862 people identified as having the disease, and 21 deaths. Many people are very worried about the health and life of their loved ones and themselves. The threat to life is suddenly becoming serious to many people.

Worryingly, governments still seem more concerned about jobs and the economy than about lives. The Morrison government has not disclosed the modelling it is using to set strategy. But on the basis of its “flatten the curve” strategy, it is planning to allow 50,000 to 150,000 deaths while trying to get about 15 million Australians infected in order to achieve “herd immunity”. As people are slowly realising that the disease is a serious threat to so many lives in Australia, there may be anger that the strategy wasn’t made public, and that saving the economy was given priority over saving lives.

People are being stood down from their jobs, often without pay, as businesses close due to lack of trade. There is anxiety about how long they will be without work and pay, how they will meet expenses during the Covid-19 crisis, and if their job will exist when the Covid-19 crisis is over. There will be increasing concern about how they will pay for food, housing and other expenses. These concerns will grow to fear of eviction from rented homes, foreclosure of mortgages, and growing debts with no means of repayment.

Many businesses have been ordered to close, to avoid people being in close contact and spreading the virus. Other businesses have chosen to close because trade has rapidly reduced, there is little income, and to protect the health of their staff. Many business owners are facing ongoing costs of rent and expenses without any income. In their business they face the prospect of perishable or unsaleable stock, eviction from rented premises, foreclosure of mortgages, and growing debts with no means of repayment. They will have to stand down staff and sort out all the formalities of leave payments and final payments, etc. In addition they have the anguish of possibly losing a business they have spent years developing, and all the same problems as employees in how to pay their personal housing and living costs.

As more news arrives from countries that have high infection and death rates, there is increasing fear for personal health and survival. Without certainty of home and food, and with serious concerns about the future, these are conditions which could easily lead to a breakdown of the normal working of society and law.

Financial and economic issues that need to be addressed

How can people and businesses pay mortgage, loans, rent and other expenses if they have no income ? How can assets be protected ? How can the economy avoid recession and be re-started after the crisis ?

Individuals and families

Debt:	Mortgage, loans
Costs:	Home rent, utilities bills, food, medical, communications, transport, etc
Assets:	Savings, Superannuation, investments

Business -- Corporations, Small business, Sole traders, Contractors

Business debt:	Mortgage, loans
Business costs:	Premises rent, utilities bills, equipment hire, labour, other business costs
Assets:	Investments, goodwill, patents, intellectual property

The Australian economy

- Dealing with debt from additional spending during the crisis
- Keeping essential industries and services going
- Assisting businesses and industries to re-start
- Protecting public and private assets
- Stopping collapse and manipulation of the stock market
- Maintaining the value of the Australian dollar
- Maintaining essential trade

Major elements of a Time-Slip Economic Management Plan for the Covid-19 crisis in Australia

1. **Period and components.** Legislate the time-slip period and components of the Time-Slip plan. The period recommended is 1 April - 30 June 2020, that being the whole of the June Quarter 2020. The time-slip period should be long enough to stop the spread of the virus. Being aligned with a standard financial period it will make accounting adjustments and financial reporting easier. If enacted after, legislation will need to backdate the implementation to 1 April 2020.
2. **Jobs.** Legislate that all jobs (full-time, part-time, casual, etc.) held at any time from 1 January to the date of legislation in April are “On hold” which means that the employee will be “re-instated” in that job on the same terms, at the end of the time-slip period. On hold and re-instatement over-rule any action the employer took to lay-off, stand-down, terminate or change the conditions of employment. Re-instatement does not give claim to any pay for the time-slip period. The process of re-starting businesses and re-instanting employees will be managed with Government assistance during a “recovery period” which will likely last for at least 6 months after the end of the time-slip period.
3. **Income tax.** The tax year 1 July 2019 – 30 June 2020 will still be treated as a tax year for calculation of tax payable. But any income tax normally payable in the time-slip period will be postponed for 1 year.
4. **Stock Market.** Halt trading on the Australian Stock Market for the whole of the time-slip period, or from the time of legislating the time-slip period, and for 1 month beyond the end of the time-slip period.
5. **Sales of real property, businesses and Assets.** In order to stop any raiding of Australian assets due to low monetary exchange rates or other effects of Covid-19, ideally have no sales of real property, water rights, mining rights, businesses or other substantial assets during the time-slip period. All potential sales should be scrutinised, and no contracts or sales proceed until at least 3 months after the end of the time-slip period.
6. **Rents on homes, commercial and real property.** Waive all rents / lease payments and agents fees for the time-slip period. Leases and rental arrangements must not be terminated or adjusted during the time-slip period or within three months afterwards, without the agreement of the lessee.
7. **Mortgage on homes, commercial and real property.** Waive all mortgage payments for the time-slip period. The principal owing at the end of the time-slip period to be the same as at the beginning of the period.
8. **Loans, equipment hire contracts, hire purchase and other incremental purchase payments.** Waive all these payments for the time-slip period.

9. **Utilities bills.** Waive all utilities bills (pro-rata) for the time-slip period. Utilities to include: electricity, gas, Council rates, Water, sewer and drainage rates, and due to the need for information, communication with others, and entertainment; telephone and internet services should be included with other utilities. The Government will likely need to negotiate some compensation to utility businesses, 20% of usual income is recommended, or nationalise the utilities at a reasonable price.
10. **Strata fees.** Waive all strata fees and agent fees (pro-rata) for the time-slip period.
11. **Insurance.** Waive all insurance premium payments (pro-rata) for the time-slip period. Policies not renewed during the time-slip period will be kept active and claims met. Policy-holders will be given an additional 6 months to pay any premiums due.
12. **Crisis Stipend.** The Australian Government to pay a weekly “Crisis Stipend” to every person in Australia for the duration of the time-slip period. The recommended amount of the stipend is \$250 per adult (16 years and older), and \$100 per child (15 years and younger). The adult stipend is set to cover the average weekly expenses for a single adult household during the time-slip period, based on the household expenses used in the ABS “shopping basket” (excluding the expenses which are waived for the period). In a two or more adult household, each adult will get the full adult stipend. It is recommended that the stipend extend to all people in Australia including those on working visas (current and expired), tourists and visitors. We are all in this together, and control of the infection will need all to be vigilant. Some exceptions may be considered such as those in full institutional care. The reason for paying a Crisis Stipend is that every person in Australia is required to make every effort to stop the spread of Covid-19. The stipend allows all people to afford food and basic necessities during the Covid-19 crisis.
13. **Social services payments.** Suspend all social services / welfare payments for the time-slip period. The Crisis Stipend will cover expenses during the period. For people with special needs and expenses, they can request additional assistance. Normal social services payments will resume at the end of the time-slip period.
14. **Salary and wages.** All employers to cease paying all salary and wages, and all other entitlements, loadings, bonuses, superannuation etc for the time-slip period, and these are not to be made up after the time-slip period.

This applies to all employees, those working and those not working during the time-slip period. This applies to everyone in the public, private and not-for profit sectors, for example: the Prime Minister, shop assistants, teachers, nurses, police, and the CEOs of all corporations.

Employees requested to work by their employer, may refuse that work without penalty during the time-slip period. It is recommended that employees carrying out requested work during the time-slip period, in addition to the Crisis Stipend, shall be paid by their employer at a flat rate of \$10 per hour of work, with no tax payable.

To stop the spread of Covid-19, as many people as possible must stop going out of their homes for work. All non-essential work places should close. Tradespeople and others such as cleaners, who travel between and provide services in homes and business places are a high infection risk and should stop work except for emergencies.

Small work groups such as builders, painters and tree lopping crews where the workers come from different households and often travel together in a vehicle and work close together also pose a high risk of spreading infection and should stop work except for emergencies.

Every small workplace such mechanics workshops where people inevitably come near each other during the day, use the same bathroom and kitchen, and talk to customers is an infection risk.

In order to protect teachers, carers and staff, schools and pre-schools should be closed except. Limited places should be kept open for the children of essential services workers, but going to school or care should be a last resort.

The Covid-19 crisis should not be viewed by anyone as an opportunity to make money. The Crisis Stipend, and low, universal pay rate is intended to stop people going out of their home to work. Those that can and wish to work from home, will not gain a high financial benefit over those who do not have that opportunity. We all have to be in the fight against Covid-19 together.

15. **Essential Services Workers.** The Australian and State Governments may declare certain jobs and services to be essential. Work in the essential services will initially be voluntary except for those people who already have relevant contractual obligations in their employment conditions. It is recommended that Essential services workers, in addition to the Crisis Stipend, be paid by the Government a flat rate of \$20 per hour, for work during the time-slip period, with no tax payable.
16. **Vital Industries workers.** Medical supplies; PPE manufacturing; food production, processing, distribution, retail and delivery; transport; utilities supply and maintenance; Many of these activities will be carried out by private businesses or contractors, and sold through normal channels to wholesalers or retailers. The Australian or State Governments may designate any of these and other activities as Vital Industries during the time-slip period, and may co-ordinate or control the activities and set prices and pay-rates.

Estimate of Government costs to implement a Time-Slip Economic Management Plan for the Covid-19 crisis

On the basis of a time-slip period of 3 months, April – June 2020 (91 days):

Crisis Stipend

			Three month period:
Australian adults	20,480,000	\$250 per week	\$ 66.56 billion
Australian children	5,120,000	\$100 per week	\$ 6.65 billion
Temp visa holders	1,100,000	\$250 per week	\$ 3.57 billion
Other visitors etc	200,000	\$250 per week	\$ 0.65 billion
Subtotal			\$ 77.43 billion
Less - Social services payments to be suspended \$ 190 billion annual budget x ¼.			
Approx number	11,520,000	x \$317 av pw	- \$ 47.50 billion
Cost of the Crisis Stipend			\$ 29.9 billion¹

Utilities

Number of accounts: estimated 16 million x (Water + Elec + Gas + Rates + Comms)
= approx. 80 million accounts x est. \$400 per quarter x 20% negotiated compensation

Cost of Utilities	(est.)	\$ 6.4 billion
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Total cost of Time-Slip Management plan to save jobs and the economy: \$ 35.7 billion

Total rounded up estimate of costs	\$ 37 billion
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Estimate of Government revenue lost during the time-slip ?

The greatest loss of Government revenue would likely be due to no income tax being generated during the time-slip period, and lower than usual income tax for the year because annual wages would be lower. But if there was no time-slip period, the loss of jobs and reduction of economic activity would also reduce annual wages, so the difference may be negligible.

Medical and other costs to fight Covid-19

The cost of Essential Services workers, medical, hospital and quarantine, etc. is not included above. Those costs are part of the fight against Covid-19, separate to financial actions to save jobs, assets and the economy.

Economic recovery plan after the Covid-19 crisis

The Time-Slip plan will do much to protect jobs, businesses and assets. But there will need to be a plan and Government funding to help get things going again, and to protect vulnerable people during the recovery. The Government has developed some funding plans with the intention of legislating these on Wed 8 April 2020.

The following plan is presented for consideration as an alternative. Its focus is on direct payments to people, based on need. These payments called **Recovery Allowance** payments would begin in the first week after the end of the weekly Crisis Stipend.

The Recovery Allowance payments would continue as weekly payments for 6 months, but vary with circumstances over that time. Within the 6 months, the Government would develop plans for beyond.

The recovery plan is made up of three staged packages of Recovery Allowances. Numbers and circumstances in this Recovery Plan are estimates.

Recovery Allowance 1	Duration 4 weeks	Rounded cost \$ 16 billion
Recovery Allowance 2	Duration 9 weeks	Rounded cost \$ 20 billion
Recovery Allowance 3	Duration 13 weeks	Rounded cost \$ 27 billion

Total cost of the Recovery Allowance packages over 6 months **\$ 63 billion**

Recovery Allowance 1. Duration 4 weeks Rounded Cost **\$ 16 billion**

Population Group	People	Weekly Allow.	\$ millions Total / week	\$ millions Total 4 weeks
Children 15 yrs and under	5,120,000	100	512	2,048
Adults -Return to Welfare sufficient to live on	8,000,000	0	-	-
Adults return to paid work sufficient to live on	4,000,000	250	1,000	4,000
Other adults	8,480,000	250	2,120	8,480
Others - tourists etc	200,000	250	50	200
Temporary visa holders	1,100,000	250	275	1,100
Total	26,900,000		3,957	15,828

Recovery Allowance 2. Duration 2 months Rounded Cost **\$ 20 billion**

Population Group	People	\$ Wkly Allow.	\$millions Total / week	\$ millions Total 9 weeks
Children 15 yrs and under	5,120,000	50	256	2,304
Adults -Return to Welfare sufficient to live on	8,000,000	0	-	-
Adults return to paid work sufficient to live on	5,000,000	0		
Adult work seekers, 1 per household	3,000,000	500	1,500	13,500
Self funded retirees etc	1,000,000	200	200	1,800
Supported adults	3,480,000	0		
Others - tourists etc	200,000	100	20	180
Temporary visa holders	1,100,000	200	220	1,980
Total	26,900,000		2,196	19,764

Recovery Allowance 3. Duration 3 months Rounded Cost **\$ 27 billion**

Population Group	People	\$ Wkly Allow.	\$millions Total / week	\$ millions Total 13 weeks
Children 15 yrs and under	5,120,000	50	256	3,328
Adults -Return to Welfare sufficient to live on	8,000,000	0	-	-
Adults return to paid work sufficient to live on	6,000,000	0		
Adult work seekers, 1 per household	2,000,000	700	1,400	18,200
Self funded retirees etc	1,000,000	200	200	2,600
Supported adults	3,480,000	0		
Others - tourists etc	200,000	100	20	260
Temporary visa holders	1,100,000	200	220	2,860
Total	26,900,000		2,096	27,248

An effective, popular and understandable plan is needed

Australians need to hear that there is a plan to do everything necessary to save lives, and that the details of that plan are realistic, understandable and not-contradictory. They want to hear:

- The aim is to limit lives lost to less than a few hundred at most;
- Testing and tracking will quickly identify most infected people;
- Isolation and lockdowns will stop spread from asymptomatic infected people;
- That the strategy is to stop the spread of the disease as soon as possible. Not to allow it to spread so that about 15 million Australians catch it in the hope that brings herd immunity with 50,000 to 150,000 people dying as “collateral damage”;
- That as many people as possible should stop going out to work, so that almost everyone can isolate at home, and children should stay home with their parents so they do not catch the virus at school or preschool, thus spreading it to their family;
- That everyone will be able to afford food and shelter, even without work, and they will be able to isolate in order to stop the spread of the virus;
- That there is a planned and known time period for the infection control.

Regarding hygiene and social behaviour, they want to know:

- That infected people are isolated and cared for as necessary;
- Doctors, nurses and all medical staff will be protected with effective personal protective equipment (PPE), and protocols will be followed to best protect them;
- The rules for social behaviour that will best keep people safe;
- That the rules will be enforced so that people are safe;
- The best ways to protect their own health.

Regarding food and supplies they will want to know:

- That food and other essential supplies are available;
- That there are good arrangements for food and supplies to be distributed to all, especially those in isolation, lock-down and other situations of need.

In financial and economic matters, Australians will want to know:

- That they will have money to buy food and essential supplies;
- That they will be able to stay in their homes. That renters will not be evicted by landlords, and home buyers will not see foreclosures and eviction by banks and lenders;
- That they will have jobs to return to;
- That they will not end up with excessive debt or in poverty;
- That businesses will stay solvent and viable, and not be forced to sell below value or raided from offshore;
- That all facets of Australia’s security will be maintained during the crisis;
- That something like normal life will return after the Covid-19 pandemic.