Picking up the virus bill: Sunak and Bailey have come up with the right policies for our times, says ALEX BRUMMER

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The country has been left in no doubt about the economic mantra of Covid-19.

It is Rishi Sunak's much repeated 'whatever it takes'.

The new Chancellor – the brightest political star for many a year – has followed through decisively.

There was an extra £30billion of spending in the Budget, followed by £350billion of bailout measures, then the successive rescues for those on the PAYE system and the self-employed.

Rising to the challenge: Chancellor Rishi Sunak has followed through on his promise to do 'whatever it takes' in the battle against Covid-19 decisively

In parallel, the new governor of the Bank of England, Andrew Bailey, also has risen to the occasion. Rates slashed to 0.1 per cent, an extra £200billion of quantitative easing, speedy opening of the special window for corporations seeking funds to tide them through the crisis.

There is also an open-ended promise to buy further assets, which could be gilts, commercial paper or, in extremis, shares.

Britain and the US have been learning from the Japanese experience of the late 1990s and since.

The eurozone is having more difficulty in spite of urgings from Mario Draghi, former president of the European Central Bank, to do more.

The stirrings of the slump to come are already there, in spite of doing 'whatever it takes'. In the US, the zip up in the jobless rate to 3million was truly shocking.

It is worth noting the unemployment numbers preceded the White House-Congress $2trillion fiscal boost which will send cheques directly to households.

Appalling: The rise in the US jobless rate this week was truly shocking

In the UK and Europe, dire forward indicators and a never-ending stream of profit cautions and axed dividends tell a similar story.

The Paris-based OECD estimates that for each month of containment across the developed economies, there will be a loss of an annual 2 per cent of output.

Households will be focused on the immediate impact of the crisis, from the grocery shop to elderly relatives and whether Government subventions will come through fast enough to pay bills.

Some citizens have been caught short by not having any personal buffers in the shape of savings.

They are paying the price for placing more value on Easyjet to Malaga and a 65in TV rather than a nest-egg.

There are big economic questions on how government bailouts will be paid for.

Empty nest egg: Some citizens have been caught short by not having any personal buffers in the shape of savings

Between the wars, the UK, having racked up big bills, behaved responsibly by paying down debt. It didn't work and John Maynard Keynes remarked that it 'doesn't pay to be good'.

The coronavirus response echoes that. There will be no prizes if Germany declines to join a fiscal response while the eurozone, and Italy, end up with closed banks and large-scale unemployment.

After the financial crisis, national debt across the developed world rose from an already high 59 per cent of national output to 91 per cent.

In spite of the worst fears of monetary critics, the UK has been able to borrow at super-low interest rates since the financial crisis of 2008.

Experience in Japan suggests that if underlying output remains robust, then turning government debt into cash through quantitative easing will not create a great inflation.

It will have a distorting impact on savings and pensions, which might require some new thinking. The UK approach may seem risky, but Sunak and Bailey have come up with the right policies for our times.