

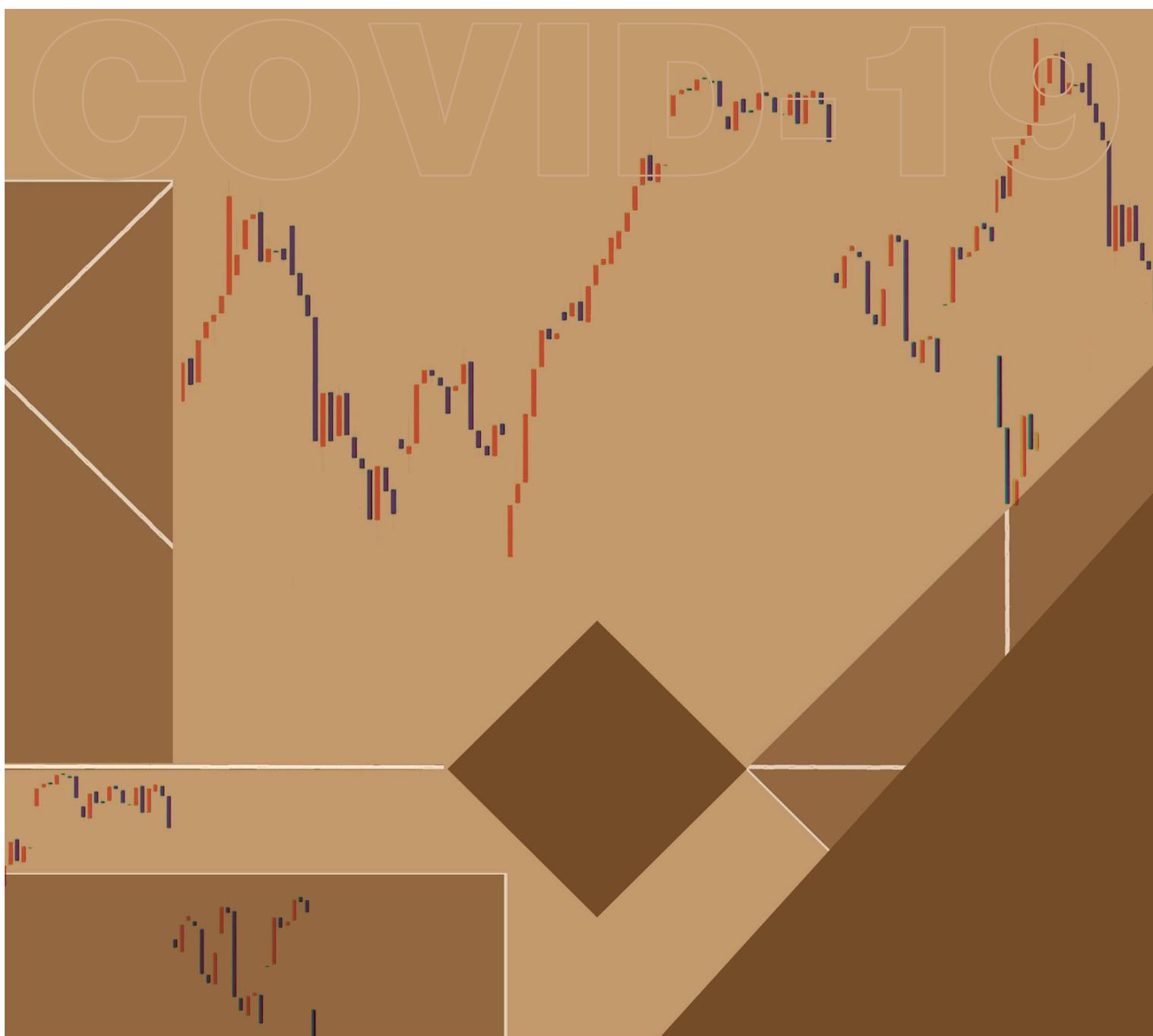


ENA
Institute
for Alternative
Policies

Economic Outlook & Policy Bulletin

ECONOMIC APPROACHES & DIMENSIONS OF THE COVID-19 CRISIS

Causes — Uncertainties — Policy responses





ENA
Institute
for Alternative
Policies

Economic Approaches & Dimensions of the Covid-19 Crisis

Causes — Uncertainties — Policy responses

Executive Summary

This policy paper proceeds to a review of analyses and articles on the causes and features of the Covid-19 crisis, as well as on the proposals submitted to address it. Overall, three main approaches can be distinguished:

- the Covid-19 crisis is an external shock of temporary nature
- the Covid-19 crisis is an accelerator of structural weaknesses arising from economic, productive and financial globalization
- the Covid-19 crisis is the symptom of a much deeper ecosystemic crisis

1st approach

A timely, robust and coordinated intervention of fiscal and monetary policy actors at national and European level is able to drastically reduce the economic and social impact of the crisis. Under this scenario, the crisis takes the form of a "V-shaped" episode. The economy is recovering steadily as soon as the public health crisis is over. The recovery of the economy is based on the restoration of confidence as the external causes of the crisis and its temporary nature are well-realized by all economic actors.

2nd approach

Covid-19 is approached as a factor accelerating and revealing structural weaknesses of the prevailing productive and economic model as well as with accumulated problems arising from the previous financial crisis and the policies which have been implemented to address it. In other words, the two crisis are characterized by continuity. Under this approach, addressing the structural crisis calls for a radical overhaul of policy orientations regarding fiscal policy, monetary policy, social policy and policies for growth and economic development.

3rd approach

The emergence of new infectious diseases is originating in the prevailing productive model. The Covid-19 crisis reveals the convergence and interaction between a set of factors which permanently put at risk global public health such as the following: a) climate change and the damage of ecosystems, b) the underinvestment in sustainable and safe agricultural activities, c) the extent of urbanization coupled with the poor levels of elementary collective infrastructures, d) a number of market failures in the field of pharmaceutical R&D. The public health crisis and the sustainability crisis of the development model are not distinct issues; on the contrary, they are rather submitted to permanent and multidimensional interactions.

Towards a consensus on the necessity for strong and multi-dimensional public policies?

Despite their differences, these approaches seem to converge on the necessity to develop renewed and extended forms of public intervention:

- At the economic level, in order to tackle the economic recession and avoid a new debt crisis
- In the area of social policy, in order to strengthen public health and tackle market failures in a broader context of rapid and continuous increase in income and wealth inequalities
- At the broader level of sustainability, with the aim of supporting the transition towards a new sustainable development model, while integrating the Sustainable Development Goals.

Six orientations for the prevention and management of future crises

The new global risks arising from climate change, environmental degradation, the increase of world population and the emergence of new infectious and other diseases require the widening of the knowledge, scope and tools of economic policymakers. The concept and applied dimensions of sustainability is evolving into a new urgency and imperative. In this context, new areas of action in order to prevent and respond to future public health crises are emerging:

1. Review of all policies in the field of health with a view to safeguarding health as a fundamental global common good
2. Develop robust primary health systems for enhancing effectively the public health system
3. Enhance pharmaceutical research on the basis of international partnerships to address market failures and secure vaccines to tackle emerging and high-risk infectious diseases
4. Strengthening the welfare state as a key element for increasing economic and social resilience against multidimensional and unexpected crises
5. Initiating a radical reconsideration of the agricultural sector's production patterns with a view to ensuring global food sufficiency under conditions of increased biosecurity
6. Address climate change, protect ecosystems and biodiversity, and develop a new sustainable development model that will serve the global Sustainable Development Goals

Economic & Social Analysis Unit - ENA



ENA
**Institute
for Alternative
Policies**

ENA Institute for Alternative Policies
8 Zalokosta Str.,106 71,Athens, Greece
+30 210 364 7912

✉ info@enainstitute.org

www.enainstitute.org

COVID-19