

THE MULTIPLE CHALLENGES OF COVID-19

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The situation that has been created with the spread of COVID-19 almost throughout the world is indeed extraordinary. This pandemic, as declared by the World Health Organization, entails multiple repercussions which affect all aspects of life. Chancellor Merkel stated that this is perhaps the greatest challenge since World War II.

What is taking place seems like a science fiction scenario. Unfortunately though, it is a reality that we have to address with perseverance. Protecting public health and saving lives constitute vital priorities. Inevitably though this entails casualties; and the number of deaths will increase before COVID-19 is contained.

In most countries the national health services/infrastructures were overwhelmed in their efforts to address COVID-19. Likewise there was inadequate planning and organization. Furthermore, with the outbreak of the epidemic almost all governments were surprised. Indeed, the seriousness and the implications of the crisis were initially underestimated. So far Italy seems to be the country facing the most serious problems in the EU. Be that as it may the risks remain for almost all countries.

It is essential to also underline that there have been different national approaches in addressing the crisis. France, Greece, Cyprus and Israel are some of those countries that eventually have taken restrictive measures to counter the spread of the virus. Some other countries, such as Britain, initially adopted an alternative approach which inevitably would have soon led to the infection of more than 70% of the population. It should be noted that Chancellor Merkel also made statements pointing to similar predictions for the German population, eventually though. The British authorities considered that their approach would have

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enabled the country to face the pandemic more effectively. Obviously, this approach entails a form of social Darwinism; in sum, the elderly and other vulnerable groups would have to pay a much heavier price. Furthermore, this approach does not exclude the victimization of people/citizens from other social and demographic groups. Following criticism and after reassessing the situation, the British government has eventually moved toward adopting at least some restrictive measures too.

And while there is a growing concern for the continuous spread of the pandemic there are other major issues which emerge as an outcome of this complex situation. It is important to assess the broader economic consequences of this crisis and address them accordingly. Inevitably there is already a serious decrease of economic activity. If the duration of this pandemic lasts much longer countries will be facing a very serious recession, unless drastic economic measures are taken to ameliorate the situation.

These dramatic events remind us once more of the vital importance of the role of the state, especially in times of such crises. Consequently, it is essential to revisit the rules and pillars that should guide a modern socioeconomic model. Within this framework the pillars and the overall architecture of the Eurozone should be revisited. Among other things, it is inconceivable to insist on balanced budgets, irrespective of circumstances and socioeconomic conditions, as if it is a golden rule.

In relation to the broader macroeconomic domain, pursuing an expansionary fiscal and monetary policy is currently imperative. This may include money creation/printing to fund the enhancement of health services and targeted programs to support economic activity and vulnerable social groups. At the same time, states, public and private institutions and organizations, business enterprises, universities, think-tanks, research centres, and other entities should take the necessary steps so that they enhance their effectiveness.

In sum, the current COVID-19 crisis entails multiple challenges. And, inevitably, it will test the resilience and the effectiveness of states to adequately address all the dimensions of the crisis. It also reminds us the importance of individual and collective responsibility as well as of solidarity. At the same time we witness once more the reemergence of the necessity of a comprehensive socioeconomic paradigm that could effectively address the multidimensional challenges of the modern era.