Is this time different?
Comments on World Bank GEP, June 2020

Global Economic Prospects: Pandemic and Crisis
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General comments

• Is there a difference between an exogenous lockdown of the economy and an endogenous shock to the economy: a liquidity of solvency crisis?
  • Dynamics
  • Recovery
  • Structural change

• Policy response: unprecedented
• Silver linings?
Emerging markets’ financial markets stabilized fairly quickly – financial resilience or irrational exuberance?

What we can learn from China?
Unprecedented fiscal support can be used to provide growth enhancing opportunities

• **Green New Deal**
  • moving forward investments in renewable energies and sustainability

• **Human capital formation:**
  • Take advantage of experience with remote learning
  • Investment in ICT infrastructure
  • Make quality education accessible

• **Productivity enhancements**
  • Tele-working and conferencing
  • Robotics? AI?

• **Public health**
  • Technologies: Home testing and tracking – low cost solutions for future epidemics
  • Spending: strengthening health care systems
Vulnerabilities

• Protectionism
• Banking systems
• Tourism – mainly short term but not recoverable
Finance and development

• Interest rate normalization deferred
  • Increase attractiveness of investing in EMDE

• Green New Deal investments will benefit LIC’s
  • Improve technologies and lower costs for energy generation
Thank You