

Global Economic Prospects: A Subdued Recovery

Discussion

Nathan Sussman
January 28, 2021

From **V** to **W** to **U**?

bank commodity contraction covid crisis debt development emdes energy exporters
financial fiscal gdp global government growth health impact informal
investment market oil output pandemic prices productivity recession risks severe
trade

advanced asset bank capital covid debt development emdes
 financial fiscal gdp global government growth impact income increase
 investment market monetary output pandemic prices productivity
 programs purchase recovery reform risk vaccine

Economics versus Health policy

- Economic ER response was adequate – central banks and fiscal response – lessons learned from GFC
- After initial success in Spring 2020 : failure of health crisis management

Role of reports like GEP is also to highlight the economic costs of failed health responses – at times taken because of ‘partial equilibrium’ economic concerns

Economists, World Bank, IMF should play greater role

Issue 65, 20 January 2021



Optimal Vaccine Policies: Spillovers and Incentives

Nikhil Vellodi and Joshua Weiss

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Schools opening and Covid-19 diffusion: evidence from geolocalized microdata

Emanuele Amodio, Michele Battisti, Andros Kourtellos, Giuseppe Maggio and Carmelo Massimo Maida

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Could the United States benefit from a lockdown? A cost-benefit analysis

Anna Scherbina

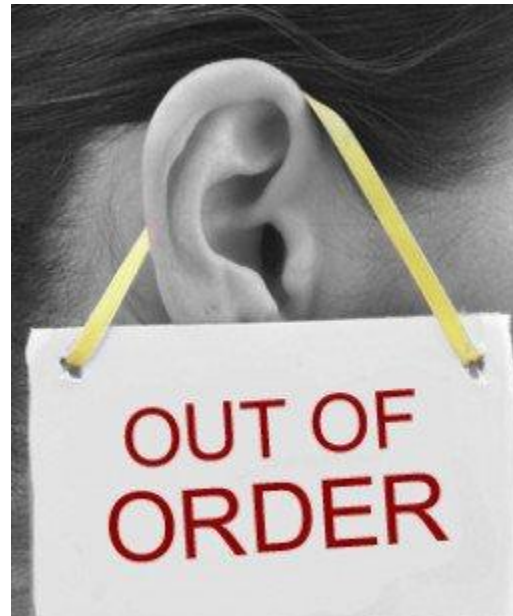
SWI swissinfo.ch

Swiss perspectives in 10 languages

Switzerland Urged by Economists to Go for Second Virus Lockdown

November 3, 2020 - 14:34

(Bloomberg) -- Switzerland should respond to surging coronavirus infections with a second national lockdown, a group of economists has recommended.



Vaccines and other containment measures, are not just downside risks – they are key **economic** policy variables

Downside risks to this baseline predominate, including the possibility of a further increase in the spread of the virus, delays in vaccine procurement and distribution, more severe and longer-lasting effects on potential output from the pandemic, and financial stress triggered by high debt levels and weak growth.

GEP 1/2021 p. xvii

MUTATIONS !

Contact Tracing + Rapid Testing

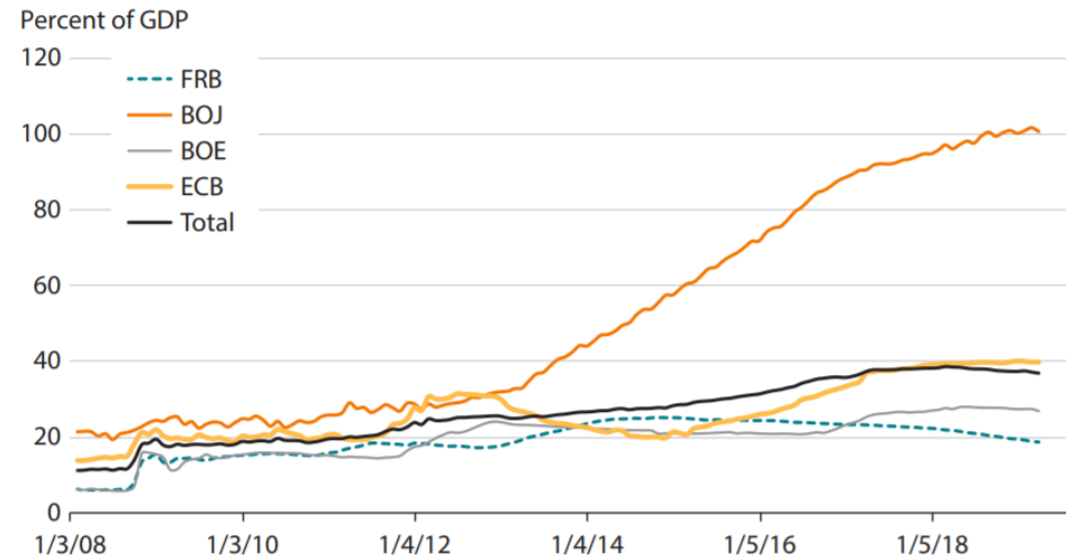
Expediating vaccine production

Pfizer market cap: 200 B. 2% World GDP >1.6 T

Asset Purchases, Debt Overhang: Advanced economies

Look more carefully at Japan

Figure 1
Central Bank Asset Holdings as a Percentage of GDP

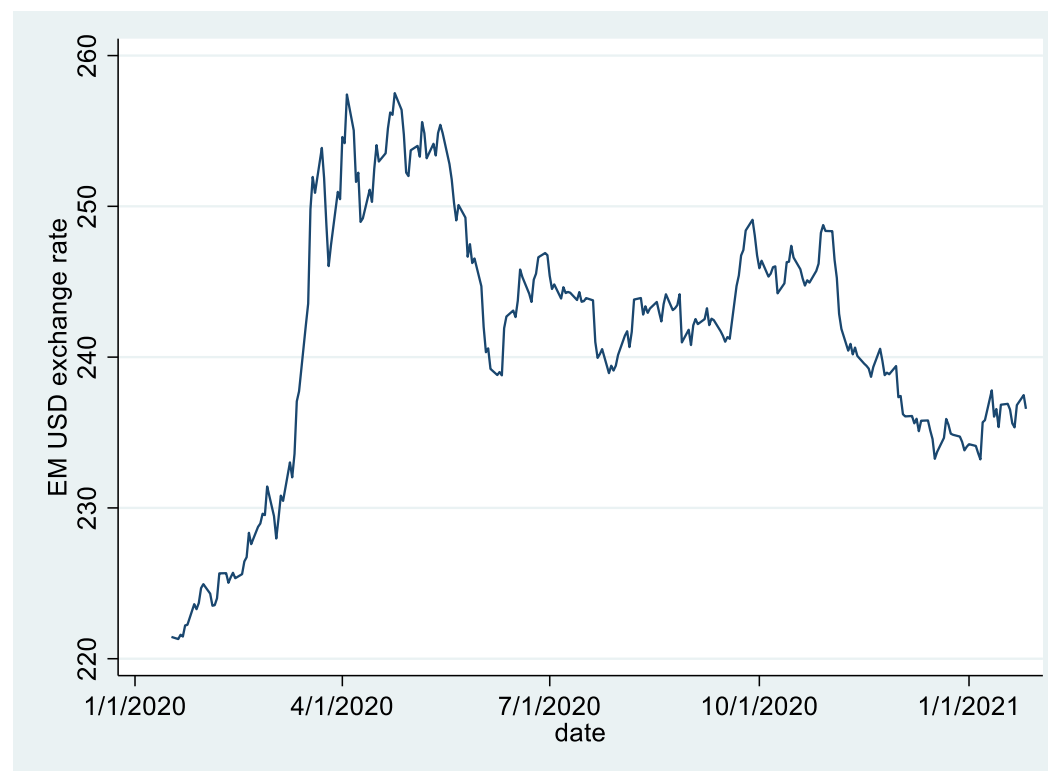


SOURCE: Bank of England (BOE), Bank of Japan (BOJ), European Central Bank (ECB), Federal Reserve Board (FRB), Organisation for Economic Co-operation and Development, Haver Analytics, FRED®, and author's calculations.

Christopher J. Neely, "The Asset Holdings of the Bank of Japan," *Economic Synopses*, No. 17, 2019. <https://doi.org/10.20955/es.2019.17>

Asset Purchases, Debt Overhang: EMDE's

So far looks favorable: e.g. exchange rates



Debt overhang: EMDE's

COVID versus Long term ? Bubble or reversal?





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Thank You



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