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Economic health and public health aren't equal

Despite Covid-19, Trump wants to put people back to work as soon as possible. This just illustrates a perverted sense of priorities in our societies

Governments around the world and their presumably independent central bankers are collectively making the same mistake in response to the Covid-19 global health pandemic. Politicians quite obviously have a duty towards private enterprise and public health. But while the crisis provides a unique opportunity to question societal priorities, this chance may be lost because of a focus on two concurrent objectives in the midst of the crisis: protecting public health and economic growth.

The US now illustrates a worse outcome of this approach. The same day the WHO noted rising infections there may put the country at the center of the global pandemic, President Trump declared, 'America will soon be open for business,' by Easter, because 'Easter is a very special day.' With retail sales a US economic backbone, an approaching holiday and USD 1,200 being sent Americans for help with Covid-19, Easter seems a right time because 'we cannot let the cure be worse than the problem itself,' Trump said. To realise that economic 'cure,' a Republican lawmaker offers a chance on his life 'in exchange for keeping the America that all America loves. The mortality rate is so low. Let's get back to work.'

But societies cannot continue the confusion created by politicians and bankers who often speak of 'the health of the economy'. Language reflects societal values, which in this case contributes to giving economic activities the status of a human. For far too long we have lived with the confusion, to a level of obfuscation, that human health and 'economic health' are equal.

Wherever one looks, the pattern is much the same.

The focus lies, according to Charles Michel, President of the European Council, on limiting the spread of the virus, providing medical equipment and promoting research. 'No efforts will be spared to contain

#COVID19 and shield our economies from further damage as much as we can reduce the negative impact,' Michel announced. At the same time, the French president Emmanuel Macron declared 'we are at war,' as much as six times in the same speech. Despite the 'invisible, elusive, advancing' Covid-19 'enemy', Macron assures the French, 'as far as economic life is concerned, as far as France is concerned, no company, whatever its size, will be left at risk of bankruptcy.'

German Chancellor Angela Merkel also announced, 'we're ready to do whatever is necessary.' And in the same breath that EU commission president, Ursula von der Leyen, said 'we need to focus on investing whatever is necessary to have the economy going on further,' she maintained as utmost importance to slow down the spread of the virus.'

What is 'whatever'?

The German government, through its development bank, KfW, will foot losses of up to 80 per cent from unlimited loan offerings to businesses. The French government provides €45 billion in 'direct tax breaks and direct state payments' and is offering loan guarantees of up to €300bn to businesses. In Spain, the government offers €100bn in loans and guarantees to companies. And with 'Curare l'Italia,' or cure Italy, the Italian government provides € 25 billion to offset economic impacts from the virus.

The US senate has approved about USD2 trillion to give cash to Americans, loans and grants to businesses and funds for 'equipment and masks.' USD 6 trillion is set for the 'lending power to the Federal Reserve Bank.' This adds to an earlier combined USD 187bn with provisions including access to food, paid leave and testing. The government is also delaying USD 300bn in tax payments.

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On the monetary side, the US Federal Reserve has lowered interest rates on loans between banks, extend the amount of short-term loans to banks with three installments of USD 500bn in so-called 'repo operations,' and cut interests rates to '0 to 1/4 percent.' The US government rubber stamps the bank's proposals; providing $10 billion to the fed's short-term credit program that the government will use to buy unsecured business loans, approval for a Primary Dealer Credit Facility to lend money to banks, and the government will reportedly put USD 10bn in a new fund, the Money Market Mutual

Fund Liquidity Facility to allow 'financial institutions' use some of these programmes.

Here in Europe, the European Central Bank announced a Pandemic Emergency Purchase Programme (PEPP) worth €750 billion to last until the end of this year. This comes after €120 billion was put in place for 'asset purchases' and rules on banks were loosened.

Topping it up, the central banks of Canada, Australia, Brazil, Denmark, England, Japan, the European Central Bank, the Federal Reserve, Mexico, Norway, South Korea, Singapore, Sweden, the Swiss National Bank, New Zealand, agree to reduce the cost of buying currencies, or 'swap lines' and increase bank's credit capacity in foreign currency.

All this talk and these economic stabilisation efforts are certainly quite remarkable. Undoubtedly, the main objective is to keep economies 'healthy' by strengthening consumer demand, keeping businesses afloat, avoiding large-scale bankruptcies and unemployment, keeping money flowing so producers produce and consumers consume. All these aims are to be realised in the midst of a global public health pandemic. Meanwhile, Covid-19 corpses are piling up. People are not dying for a lack of credit.

Five lessons from the Covid-19 outbreak

But the 'whatever it takes' mantra is by now an economic dogma. Because of this, the foremost lesson for politicians to learn from this public health crisis is being squandered. At the core lies the orthodox economic response that seeks to protect human health while also ensuring economic growth. And to make matters worse, the success of this approach rests on hope: that a vaccine is found soon, or that the 'whatever it takes' lullaby soon lulls economies back to 'life.' Either way, crucial lessons on how a virus has caused so much damage to our economies will not be learned.

The first general lesson is that the economy is part of society. The mammoth of the free market needs to serve society first. For instance, politicians must learn to unlearn fears of nationalisation. Reportedly, the Spanish government nationalised all private hospitals. This decision reflects the recognitions that the self-regulating market should be subdued to human health. The Spaniard's exemplary move in times of a public health crisis, from liberalisation and privatisation to nationalisation is an example of corrective measures necessary to put human health over economic growth. The fear of infection in Spain will be reduced by assurances of unfettered access to healthcare. Subduing the economy to societal needs also led the Italian government to 'close down

all productive' activity that Italy's prime minister Giuseppe Conte said are 'not strictly necessary.'

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Second, jobs may be a sufficient condition for economic growth, but human health is a necessary condition. So politicians must consider that human health must always take priority over economic activity. This means that a singular focus on doing 'whatever it takes' to protect human health, including curbing the spread of the virus, delinking public health from private enterprise, nationalising healthcare delivery systems, continues even after the crisis.

Third, Protecting human health, preventing more deaths does not immediately require protecting businesses from going bankrupt. It is a crucial lesson to learn that the private sector controlled by a growing handful is inadequate to respond to the growing demands of public health. Only governments, with statutory duties on public health can maintain exclusive focus on protecting it.

Fourth, the conclusion that strengthening consumer demand during a global public health pandemic is largely based on myths. Covid-19 makes clear that economic stability is not a panacea for public health. Even if there's success in creating conditions for consumer demand – public health measures require people stay home, which will undermine that outcome. Politicians need to learn that it is not reasonable or sensible to maintain economic status quo considering the high risk to human existence.

Fifth, Covid-19 gives chance to put to bed the fiction that central bankers and politicians perform functionally different roles. The reality is that the economic aims of central bankers cannot be divorced from political objectives. Politicians mostly understand their roles in society in economic terms, which is why reducing unemployment is a now priority. By forcing a wider definition of their role, this allows them to learn put public health over private economic activities.

There's also a greater opportunity for all societies to learn the degree of vulnerability of the economic system now at the core of human existence. A new virus has quite quickly reduced economic activity in so many ways. In the midst of this failure, the right thing to do is ask whether the economic paradigm with its ever tightening grip on our lives can provide adequate societal protection in times of a crisis of this scale. The obsession with economic growth ought be constrained by concerns that

give priority to public health. The minimum honor to be accorded to the dead and dying is to use this global public health crisis and learn these crucial lessons to undo the complex intertwining of public health and economic growth.
