



GROUP OF THIRTY

Consultative Group on International
Economic & Monetary Affairs, Inc.

Group of Thirty Virtual Spring Session

*COVID-19: Strategies to Suppress the Pandemic, Mitigate Economic Collapse,
and Rebuild Global Growth*

Sunday, April 26, 2020

SUMMARY OF DISCUSSION

Session 1 – Public Health and Epidemiological Perspectives

Two invited senior medical experts shared their views on the health consequences of the COVID-19 pandemic, as well as their perspectives on the containment measures that had been undertaken. Participants discussed the various effects of the virus, which would reverberate for years to come. The key lessons learnt from this crisis on the importance of large-scale testing, contact tracing, and enforced quarantines had to be taken seriously in ensuring countries would be better prepared for future public health crises.

The discussion highlighted several key epidemiological questions that the scientific community was still working to understand – the possibility of natural and herd immunity, vulnerabilities associated with comorbidity, and the risks of reinfection and subsequent recurrent waves. Looking ahead, several participants emphasized that it was crucial to continue investments in research and development and to ensure universal access to vaccines and medical interventions.

Session 2 – Mounting and Sustaining Effective Economic and Social Responses

Participants discussed the sustainability and efficacy of policy responses that had been undertaken to address the socio-economic and financial stability consequences of the COVID-19 pandemic. Policymakers had to consider the most effective ways to target rescue packages at intended beneficiaries, since fiscal space would be increasingly limited as the economic effects of the pandemic persist.

Participants discussed the trade-offs between extending grants and loans to help corporates through the crisis. Corporate debt levels were already high and might not be sustainable with increased debt; extending more loans might eventually result in solvency and macro-financial stability issues. On the other hand, it was difficult for grants to be targeted, and they could be counter-productive to the resource reallocations needed in the economy; they also had a higher fiscal cost, and could effectively become a down payment on “nothing” if the crisis was long drawn out. Some participants believed that policymakers should ensure that rescue packages flowed to deserving beneficiaries, and avoid keeping zombie businesses with unviable business models artificially alive.

Some participants were of the view that it was not possible for monetary financing to address debt-related issues in the long-run. To address these issues sustainably, there was a need for a long-term plan to spur economic growth.

Session 3 – International Actions: Tackling the Pandemic and its Global Economic Consequences

Participants discussed the need for a coordinated international response to mitigate the health and economic consequences of the COVID-19 outbreak. Several participants highlighted the need for strengthening a poorly equipped, under-invested, and under-capacity global health system, that was unable to support the most vulnerable populations. The largely national and unilateral responses would not be adequate in dealing with the global pandemic, as success in any country would ultimately be eroded by failure elsewhere.

A well-coordinated international response would also enable synchronization of policies to arrest spillovers and enhance the effectiveness of desired outcomes. There was also a need for countries to lend support to key WHO initiatives, including on vaccine development. While the advanced economies had their own challenges, several participants highlighted that emerging markets and developing economies (EMDEs) needed far greater support; these economies had fragile health systems, faced the risk of capital outflows, and were constrained by limited resources and policy space. While the G20 had agreed to provide debt moratoria to the world's poorest countries, there was a need for private and other sovereign creditors that had significant holdings of EMDE public debts to participate. Critically too, there was a need for other measures to ensure new financing for EMDEs.