

SSN
Model United Nations
2021



UNITED NATIONS GENERAL ASSEMBLY
**ECONOMIC AND FINANCIAL
COMMITTEE**



AGENDA

*Reviewing economic policy
response and charting a roadmap
for sustainable development in a
post pandemic world*

DIPLOMACY —— DELIBERATION —— DISCUSSION



Letter from the Executive Board

Dear Delegates,

It is with great pleasure that we welcome you to the simulation of the UNGA II - Economic and Financial Committee (ECOFIN) at SSN Model United Nations 2021. Over the course of this conference, you shall have the privilege of being part of a technical, challenging and yet absolutely fascinating council.

As the name suggests, this document is just to give you an idea about the council and agenda, in order to channelize debate in the right direction and is by no means a substitute for research from your end. We expect the delegates to do extensive research in order to be able to do justice to the debate on an agenda as crucial as the one we have on hand.

For all the first timers in council, it is advised that you do go through the UNA USA Rules of Procedure so that you have a better idea of how the committee works. However, we will definitely be having a detailed session on Rules of Procedure before committee commences.

We sincerely hope that you put in your best for this conference and bring to us debate, that is thought provoking for everyone involved in this committee.

For any queries, feel free to contact any member of the Executive Board.

May the Force be with you!

Happy Researching!

The Executive Board,
UNGA II – ECOFIN





INTRODUCTION TO COUNCIL FUNCTIONING, DYNAMICS AND MANDATE

The Economic and Financial Affairs Council (ECOFIN) is the second committee of the United Nations General Assembly (UNGA). It deals with the issues relating to economic growth and development such as macroeconomic policy questions (including international trade, international financial system, debt and commodities), financing for development, sustainable development, human settlements, poverty eradication, globalization and interdependence, operational activities for development, and information and communication technologies for development.

The UNGA is the main deliberative, policymaking and representative organ of the United Nations. It comprises of all member nations of the United Nations with each member having equal representation and vote, unlike the Security Council, in which certain countries possess veto powers. The UNGA comprises of six main committees, namely, the Disarmament and International Security (DISEC), Economic and Financial (ECOFIN), Social, Humanitarian and Cultural (SOCHUM), Special Political and Decolonization (SPECPOL), Administrative and Budgetary Committee and Legal.

The UNGA provides a unique forum for multilateral discussion of the full spectrum of international issues covered by the Charter. The functions and powers of the General Assembly are stipulated in Chapter 4 of the Charter of the United Nations.

Voting in the General Assembly on important questions, namely, recommendations on peace and security, budgetary concerns, and the election, admission, suspension or expulsion of members is by a two-thirds majority of those present and voting. Other questions are decided by a straightforward majority. Each member country has one vote.





Apart from approval of budgetary matters, including adoption of a scale of assessment, Assembly resolutions are not binding on the members. The Assembly may make recommendations on any matters within the scope of the UN, except matters of peace and security under Security Council consideration. The one state, one vote power structure potentially allows states comprising just five percent of the world population to pass a resolution by a two-thirds vote

CHAPTER IV: THE GENERAL ASSEMBLY

COMPOSITION

Article 9

1. The General Assembly shall consist of all the Members of the United Nations.
2. Each Member shall have not more than five representatives in the General Assembly.

FUNCTIONS and POWERS

Article 10

The General Assembly may discuss any questions or any matters within the scope of the present Charter or relating to the powers and functions of any organs provided for in the present Charter, and, except as provided in Article 12, may make recommendations to the Members of the United Nations or to the Security Council or to both on any such questions or matters.





Article 11

1. The General Assembly may consider the general principles of co-operation in the maintenance of international peace and security, including the principles governing disarmament and the regulation of armaments, and may make recommendations with regard to such principles to the Members or to the Security Council or to both.
2. The General Assembly may discuss any questions relating to the maintenance of international peace and security brought before it by any Member of the United Nations, or by the Security Council, or by a state which is not a Member of the United Nations in accordance with Article 35, paragraph 2, and, except as provided in Article 12, may make recommendations with regard to any such questions to the state or states concerned or to the Security Council or to both. Any such question on which action is necessary shall be referred to the Security Council by the General Assembly either before or after discussion.
3. The General Assembly may call the attention of the Security Council to situations which are likely to endanger international peace and security.
4. The powers of the General Assembly set forth in this Article shall not limit the general scope of Article 10.

Article 12

1. While the Security Council is exercising in respect of any dispute or situation the functions assigned to it in the present Charter, the General Assembly shall not make any recommendation with regard to that dispute or situation unless the Security Council so requests.
2. The Secretary-General, with the consent of the Security Council, shall notify the General Assembly at each session of any matters relative to the maintenance of international peace and security which are being dealt with by the Security Council and shall similarly notify the General Assembly, or the Members of the United Nations if the General Assembly is not in session, immediately the Security Council ceases to deal with such matters.



Article 13

1. The General Assembly shall initiate studies and make recommendations for the purpose of:
 - a. Promoting international co-operation in the political field and encouraging the progressive development of international law and its codification;
 - b. Promoting international co-operation in the economic, social, cultural, educational, and health fields, and assisting in the realization of human rights and fundamental freedoms for all without distinction as to race, sex, language, or religion.
2. The further responsibilities, functions and powers of the General Assembly with respect to matters mentioned in paragraph 1 (b) above are set forth in Chapters IX and X.

Article 14

Subject to the provisions of Article 12, the General Assembly may recommend measures for the peaceful adjustment of any situation, regardless of origin, which it deems likely to impair the general welfare or friendly relations among nations, including situations resulting from a violation of the provisions of the present Charter setting forth the Purposes and Principles of the United Nations.

Article 15

1. The General Assembly shall receive and consider annual and special reports from the Security Council; these reports shall include an account of the measures that the Security Council has decided upon or taken to maintain international peace and security.
2. The General Assembly shall receive and consider reports from the other organs of the United Nations.





Article 16

The General Assembly shall perform such functions with respect to the international trusteeship system as are assigned to it under Chapters XII and XIII, including the approval of the trusteeship agreements for areas not designated as strategic.

Article 17

1. The General Assembly shall consider and approve the budget of the Organization.
2. The expenses of the Organization shall be borne by the Members as apportioned by the General Assembly.
3. The General Assembly shall consider and approve any financial and budgetary arrangements with specialized agencies referred to in Article 57 and shall examine the administrative budgets of such specialized agencies with a view to making recommendations to the agencies concerned.

VOTING

Article 18

1. Each member of the General Assembly shall have one vote.
2. Decisions of the General Assembly on important questions shall be made by a two-thirds majority of the members present and voting. These questions shall include: recommendations with respect to the maintenance of international peace and security, the election of the non-permanent members of the Security Council, the election of the members of the Economic and Social Council, the election of members of the Trusteeship Council in accordance with paragraph 1 (c) of Article 86, the admission of new Members to the United Nations, the suspension of the rights and privileges of membership, the expulsion of Members, questions relating to the operation of the trusteeship system, and budgetary questions.





3. Decisions on other questions, including the determination of additional categories of questions to be decided by a two-thirds majority, shall be made by a majority of the members present and voting.

Article 19

A Member of the United Nations which is in arrears in the payment of its financial contributions to the Organization shall have no vote in the General Assembly if the amount of its arrears equals or exceeds the amount of the contributions due from it for the preceding two full years. The General Assembly may, nevertheless, permit such a Member to vote if it is satisfied that the failure to pay is due to conditions beyond the control of the Member.

PROCEDURE

Article 20

The General Assembly shall meet in regular annual sessions and in such special sessions as occasion may require. Special sessions shall be convoked by the Secretary-General at the request of the Security Council or of a majority of the Members of the United Nations.

Article 21

The General Assembly shall adopt its own rules of procedure. It shall elect its President for each session.

Article 22

The General Assembly may establish such subsidiary organs as it deems necessary for the performance of its functions.





About the Agenda- Key Definitions

1. Economic Policy

A response by governments to a specific event/crisis or a preemptive decision taken to control the direction of progress of an economy is known as an economic policy response.

Such policies usually aim at stabilizing the economy and initiating a rapid recovery. But government economic policies also need to ensure that the recovery is durable, i.e. based on sustainable growth. Few of the major goals of setting economic policy in the past have been to-

- Focus on stabilizing markets- This usually means focusing economic policies that promote international trade, keeping inflation in check, making sure that prices for goods are stable and so on.
- Promoting economic prosperity- This usually means to focus on ensuring business development, and promoting employment overall in the economy.

2. Sustainable Development

Sustainable development has been defined in many ways, but the most common and widely used term for its definition is the following- Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

When this concept is applied to economic policies, sustainable economic development is viewed as a national initiative by country governments where policies are built on inclusive agendas and policies that are sustainable and conducive to employment creation which are a basic prerequisite for generating income and bringing about a permanent reduction in poverty, all this and without compromising on future requirements and needs.



Lately, importance is being given to building sustainable economic policies for future development country outlooks. Few examples of sustainable economic development policies include- Income redistribution policies, impact in terms of the inclusiveness of growth and employment, regional economic integration, etc. The private sector must also be integrated into economic policy decision-making and strategy development.

In the context of the crisis brought on by the pandemic, developing sustainable economic policies is the way forward towards building an inclusive world and offsetting the wise disparities that have been brought to light and widened already existing gaps.

3. Post Pandemic World

As much as this world seemed like a dream during March 2020, when the global lockdowns first began and the corona virus pandemic swept across the global. Now, the term post pandemic world seems to be in sight. By definition, the post pandemic world could refer to different time periods in different countries based on their corona virus response strategy, but overall it refers to a time period where their strategies have been effective and the virus is controlled in their country and now governments can focus on building sustainable economic policies to rejuvenate the economy from the shambles caused by the sweeping virus

Economic problems caused by Covid-19 pandemic

The economic crisis due to the Covid-19 pandemic is hurting economies, irrespective of income level. Data from UNIDO's seasonally adjusted Index of Industrial Production (April 2020 Vs December 2019) indicates that lower and upper middle-income countries have been drastically impacted by Covid-19





Average loss in % in the Index of Industrial Production (IIP) across countries. April 2020 Vs December 2019

High-income (30 countries)	Upper middle-income (13 countries)	Lower middle-income (6 countries)
18%	24%	22%

Source: UNIDO

Economic losses are not correlated to health impacts

Studies from the Johns Hopkins University show that the spread of the pandemic in terms of number of cases and deaths is quite varied across countries. Sub-Saharan Africa, for example, one of the poorest regions in the world, does not seem to have been severely impacted by COVID-19.

A recent study finds that the direct costs of the Covid-19 pandemic associated with illness and mortality are much lower than the indirect losses caused by the pandemic. A low impact of COVID-19 in terms of case numbers and deaths does not necessarily translate into a low economic impact. Despite Covid-19 not having a serious effect in terms of health, many countries are experiencing a recession. In today's globalized world, countries across the world are facing indirect consequences from disruptions in supply chain and lower demand for goods due to widespread recession.





Impact on Manufacturing

Manufacturing industries were severely affected by the crisis between March 2019 and April 2020. Percentage of countries that experienced a decrease in manufacturing varies from 55% (pharmaceuticals) to 94% (motor vehicles). In a previous UNIDO Covid-19 economic impact analysis, pharmaceuticals was identified as one of the very few “winners” while the automobile sector was (and continues to be) one of the biggest “losers”.

Impact on food system

The corona virus pandemic has affected the international food system. Trade restrictions, border closures and safety measures have prevented farmers from accessing markets, including for buying inputs and selling their produce, and agricultural workers from harvesting crops. This has therefore disrupted domestic and international food supply chains and reduced access to healthy, safe and diverse diets.

Impact on workforce

Around half of the world’s 3.3 billion workforce is at risk of losing their livelihoods. Informal sector workers are most vulnerable as most of them lack social protection and access to quality health care. Most have lost access to productive assets. Without the means to earn an income during lockdowns, many are unable to feed themselves and their families. For most, no income means no food.

Impact on industrial production and trade

A comparison of IIP data for March 2020 and December 2019 shows that approximately 81% of countries have experienced a decrease in industrial production of 6% on average. A comparison of data for April 2020 Vs December 2019 reveals that industrial production fell by 20% on average in 93% of countries.





However, countries with a similar number of Covid-19-related deaths experienced different levels of economic loss, depending on the severity of the containment measures implemented or their indirect effects.

The world is facing a plethora of economic problems and these are just a few of them.

The problems vary depending on country, location, population, type of industry etc. Thus, analyzing the impact of the pandemic on societies, economies and vulnerable groups is fundamental to inform and tailor the responses of governments and stakeholders to fight the crisis and recover from it.

It is important to keep in mind this statement made by the UN's Framework for the Immediate Socio-Economic Response to the COVID 19 crisis.

"The COVID-19 pandemic is far more than a health crisis: it is affecting societies and economies at their core. While the impact of the pandemic will vary from country to country, it will most likely increase poverty and inequalities at a global scale, making achievement of SDGs even more urgent."

Case Study: Economic policy response to pandemics

Case study 1: The 1918 flu pandemic

Of the 31 documented influenza pandemics since 1580, the 1918-1919 pandemic or more commonly known as the Spanish flu became infamous due to its deadly nature, killing around 40 million worldwide and infecting almost one-third of the global population. This particularly virulent influenza virus is believed to have originated in pigs. (WHO GAR report, 2001)





Although the current COVID-19 pandemic differed from the 1918 pandemic in many ways, especially in their impact amongst age groups it is often compared to the Spanish flu pandemic due to the many similarities they share - the progression of disease in waves, the large-scale global spread of the virus and the respiratory disease's impact on lungs and heart. Naturally, economists and policymakers have turned to study the 1918 pandemic and their socio-economic policy responses. A recent policy paper from Upjohn Research, an independent research organization, based in Michigan has attempted to analyze the economic and policy lessons to learn from the 1918 pandemic. (Asquith, 2020) It is important to note that society and economies have evolved significantly in the last 100 years and the geopolitical context that existed during the 1918 pandemic is significantly different from that of today, therefore, it is vital for one to keep these factors in mind whilst studying the economic policy response to the 1918 pandemic.

To put the geopolitical situation of the 1918 pandemic in perspective, it coincided with a period of major economic re-adjustment post the First World War. There was a major movement of troops across continents and countries. Other diseases like polio, cholera and tuberculosis were rampant. There were no major multilateral institutions like WHO. Since then, humanity has progressed to an age of ultra-modern medicine, peace, comfort and global co-operation. But even so, there are many strategies worth analyzing with the benefit of hindsight.

According to a report from the Federal Reserve Bank of New York published by the World Economic Forum, non-pharmaceutical intervention (NPIs) was the most effective strategy employed by different local governments in the 1918 pandemic. In the United States of America, cities that rigorously implemented NPIs like social distancing, suspending non-essential interactions like theatres and strict quarantine measures suffered less economic impact over the medium term alongside enjoying low mortality rates.



They also had relatively higher recovery rates in manufacturing outputs and employments post-pandemic. However, those regions which did not implement these NPIs resulted in being severely affected by the 1918 pandemic inevitably leading to a decline in real economic activity and slow recovery post-pandemic. Manufacturing output, employment, bank assets all slumped while business and household defaults soared in these regions. The depressed economic pattern reflected in both supply and demand side. From 1919 – 1923, those areas affected more by the pandemic remained economically depressed compared to those areas which implemented NPIs and thereby were less exposed and affected. Therefore, one can confidently say that early public health interventions is inevitable linked to better economic recovery after the pandemic while also reducing the mortality rates. (Correia and Luck, 2020)

This economic pattern was not just observed in the USA. A recent report by the Reserve Bank of Australia highlights the historically similar evidence observed in Australia during the 1918 pandemic which was amongst the least affected countries by it. Social distancing and strict quarantine measures resulted in quicker recovery. Although the economy was much different in 1918-1919, fiscal policy response by the government included the transfer of food, clothing, and blankets and rent assistance rather than cash transfers to households. The government nevertheless provided a basic social safety net. (Bishop, 2020)

It is also to be noted that economic shocks could not be solely pointed to the pandemic; a significant contributor was also the First World War. The peace and more available labor force that followed the end of the war was also a contributor to the quick recovery. Technology and innovation like electrification and advent of motors also played a crucial role in the economic revival leading to the so-called roaring 20s. Governments around the world have seemed to take a leaf out of history in focusing on technology and innovation for faster economic recovery post-pandemic.



This is, after all, a public health crisis, therefore, any major economic policy depends not just on central banks or government policymakers but also epidemiologists and public health experts and strict implementations of their advice. Today, unlike 1918, we need not just depend on NPIs. We also have the additional tool of mass testing and tracing. Governments like Taiwan, China and Singapore have limited mortality and avoided major disruption in economic activity with early and strict implementation of NPIs alongside effective test and trace. Even 20 years ago who could have imagined one could attend a conference from the comfort of home in the middle of a raging pandemic? Even with a century's worth of technological advances we still seem to be struggling in containing the economic impact of this pandemic. It makes one wonder if we have ignored some of the basic socio-economic policy responses used a 100 years ago which resulted in faster economic recovery.

Case study 2: The Swine Flu pandemic

The Swine Flu pandemic or also known as H1N1 pandemic after the H1N1 influenza virus resulted in a global flu outbreak in 2009 to 2010. The virus was first identified in Mexico and is believed to have come from pigs, hence the name. This affected children and young adults more than older people as most were immune to it. The pandemic was declared over on 10th August 2010 by the WHO with the outbreak ending up being less serious than expected. It has now become part of the seasonal flu occurrence every winter.

The Swine Flu pandemic was the most recent pandemic before the COVID-19 pandemic; therefore, the study of the socio-economic policy response makes it a relevant case study. The region worst affected by Swine Flu was the continent of South America, although the outbreak initially began in North America. The economies of Argentina, Chile, Paraguay and Uruguay were heavily affected along with high mortality rate.





It is also important to note the socio-economic context of the time when analyzing the policy response. These countries were already affected by the 2008 global financial crisis. A tourism-dependent economy recovering from recession struggled.

Countries like Argentina also had other geopolitical factors like elections and political differences between different branches of government leading to poor coordination in implementing public health measures. As a result of poor policy response to the pandemic, Argentina had the highest death toll in South America leading to public panic and waning investor confidence eventually leading to the economy taking a severe hit. On the other hand, Chile took early preventive measures. This resulted in limited economic impact.

A report published by the European Parliament on the economic impacts of pandemics and epidemics analyzed the sectors that are most affected and therefore needs immediate attention. The public and private health system is the first to be affected by excess operational expenditure. A breakdown of the public health system can lead to disastrous consequences to the economy. Then labor productivity in most sectors are severely impacted due to fear and panic during and post-pandemic leading to losses. Paralysis of supply chains both globally and domestically can take a long time to recover post-pandemic without adequate pre-planning which was the case in this pandemic. The other important aspect to look at is supporting rural and agriculture-based economic sectors, as they have found to be the most affected and play a crucial role in economic recovery post-pandemic. Post-pandemic economic response also needs to focus on investment in local agencies and governments in order to ensure effective detection of any re-emergence of the outbreaks and implementing effective localized response and prevention. Alongside disease surveillance, sanitation, nutrition, rural sectors and urban infrastructure seem to be the crucial areas to focus in the socio-economic recovery post pandemics. Effective pre-planning and right policy implementations were the deciding factor in faster or slower economic recovery amongst the South American countries.



In conclusion, this pandemic showed that effective fiscal policy does help mitigate the effect of a health crisis. Pandemics are inevitably going to result in lower GDP growth in affected countries; however, increasing government spending particularly in public health care significantly speeds up GDP growth recovery and unemployment after the crisis.

Role of UN in the post-pandemic response

The ongoing pandemic has affected the entire global economy. Although developed countries may have the means to handle such stresses to their economies, developing and poorer countries are going to be the worst affected. This is where the role of the UN becomes important. It aims to include the most marginalized and vulnerable in the recovery efforts in a post-pandemic plan.

In a research roadmap published by the UN recently on COVID-19 recovery, it has highlighted the need for more equitable, inclusive and sustainable recovery plan. It highlights urgent socio-economic response needed in countries around the world. Pandemics often expose the fragilities and unsustainable policies used pre-pandemic and the adversity provide a unique opportunity to change our practices.

Several UN entities are tasked with the post-pandemic response focusing on health, multilateral collaboration in economic areas, food insecurity, education, labor practices, and gender discrimination amongst many others. The road map proposed by the UN already includes country-specific policy advice supported by the UNDS. More specifically, it has called on organizations like World Bank Group, IMF, and other multilateral development banks to consider the impact of the pandemic and proposing sustainable debt deferrals and subsidized loans to increase aggregate demand in a medium-term framework.





The inter-agency task force on financing for development, which includes around 60 UN agencies and international organizations will be releasing a Financing for Sustainable Development Report this year with policy analysis and recommendations on debt sustainability for poorer economies.

UN and its organs have committed to leverage its tools and resources to tackle discrimination against women as we recover from the socio-economic impact of the pandemic. UN Trust Fund has taken up 144 projects worldwide for the same. WHO, a key entity of the UN during the pandemic is often tasked with geospatial and innovative data collection techniques post-pandemic to effectively monitor localized outbreaks. The UNDP provides technical leads to national and resident coordinators working as one across all facets of the response post-pandemic. This carefully drives humanitarian response and interventions alongside the public health response under the technical lead of WHO across the globe.

Role of Other Institutions

The role of multilateral global and regional organizations and their ability to work with their Member States will be critical to countries as they address the global health crisis and economic development fallout. Already we are witnessing the grim economic and social forecast for many countries, impacting millions of livelihoods and placing additional stress on countries in development. Global and Regional Organizations are recognized for their capacity and for being uniquely positioned to inform, guide and provide development assistance to their Members.





International

During these unprecedented times, the effects of international organisations have left ripples across the world to several countries looking to them for guidance and support. Below is a short list of organisations at an international level that have made waves

The **WHO** has played a vital operational role in the response. Most countries rely on it for information and analysis about the disease itself. The WHO Secretariat is a repository of several of the world's leading epidemiologists (many of them American or former CDC employees), and an information hub for the world's leading epidemiology and infectious disease research centers. It has helped governments train rapid response teams to deal with contact tracing; helped governments retool their hospitals and emergency care centers to deal with the specific features of the COVID-19 outbreak; and supplied testing kits and equipment to more than 120 countries worldwide.

Several other actors have also mobilized to respond this includes the **World Bank**, which has mobilized more than US\$14 billion for the response both to help countries navigate the economic consequences of the crisis, but also to help them finance surge capacity in their public health sectors. (The Bank's targeting of loans and grants is largely driven by WHO assessments of countries' public health capacity—another key role for that agency.)

The **International Monetary Fund** has granted debt relief to over 25 member countries to allow them to deploy their resources to fight COVID-19. The countries benefiting from the same are mainly from the African continent, but also include Yemen, Haiti, and Afghanistan. It is also proposing US\$ 1 trillion lending capacity in order to support countries to fight the pandemic.





Regional

More recently, regional bodies have been gaining visibility in the global response to the corona virus pandemic. The regional approach to collectively combat the pandemic may have allowed global institutions such as the United Nations and its agencies to engage regional mechanisms that are playing the role of a connector and promoting coordinated multilateral response to combat the pandemic.

Regional organizations like the **African Union** have stepped up their effort to backstop member states struggling with the response, and even the **North Atlantic Treaty Organization (NATO)** stepped into the breach, airlifting emergency supplies of protective equipment to needful members.

The African Union (AU) has led the joint standard-setting of pandemic policies and regulations for AU member states. This joint response first began in mid-February 2020, when the union launched a continental strategy to better prepare and respond to the spread of the virus in Africa. One of the Union's institutions, the **Africa Centre for Disease Control and Prevention**, has been providing important expertise - including strategies, data, and training in technical areas ranging from identifying and the clinical management of positive cases to risk communication - to AU member states and their citizens. AU also appointed four special envoys to mobilise international support for Africa's fight, who will be tasked with soliciting and following up on the support that has been pledged by the G20, the European Union and other international financial institutions.

The Gulf Cooperation Council (GCC) has established a joint operations room to share experiences of how each member state has been handling and containing the spread of the virus, along with the latest data, statistics and level of preparedness.

The South Asian Association for Regional Cooperation (SAARC) is establishing a COVID-19 emergency fund, made up of voluntary contributions from members with a total worth around \$18.5 million.





The countries of the Southern Common Market (**MERCOSUR**) also agreed on a structural convergence fund estimated at \$16 million and aimed to boost research, education and biotechnology related to fighting the virus.

The **European Union** was no exception to a regional response to the pandemic- The **European Central Bank (ECB)** established a new 750 billion euro Pandemic Emergency Purchase Program (PEPP), allowing the ECB to purchase massive amounts of private and public sector securities to ensure that costs of borrowing remain low and stable. It was upgraded to €1.35 trillion just two and a half months after the original announcement.

The **European Commission** also triggered the “general escape clause” in the European Treaty, allowing individual governments to increase emergency spending without regard to limits imposed by the Stability and Growth Pact.

The **EU subgroups** decided to launch a massive strategy to bring back on track the economic stability- The European Commission (EC), **European Investment Bank (EIB) and European Stability Mechanism (ESM)** agreed to finance up to €540 billion to help people, businesses and countries throughout Europe, including liquidity support to companies, funding for development of treatments and vaccines, and financing for employment as well as direct and indirect healthcare costs related to the pandemic





The EU also took action to redirect EU funds to help member states:

- €37 billion from structural funds to support EU countries and their citizens in their fight against the outbreak
- Up to €800 million through the EU Solidarity Fund, which has been amended to provide support to member states affected by public health crises like the one caused by COVID-19
- Additional €3.1 billion unlocked from the 2020 budget to respond to the COVID-19 crisis

The EU has also increased flexibility in the use of structural funds, which allows member states to transfer money between different funds and regions to meet their needs in mitigating the social and economic damage of the pandemic. Member States can also request up to 100% financing from the EU budget for initiatives dealing with the impact of the COVID-19 outbreak.

The EU is applying the full flexibility of EU fiscal rules to help member states' authorities to support healthcare systems and businesses and to maintain employment during the crisis.





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***Good Luck and
May the Force be with
you!***

