

FOLLOW-UP ON OUR MED120 EMERGENCY DIALOGUE SESSIONS (9 & 17 APRIL 2020)

Thank you very much for participating in one of our briefing sessions on the Covid-19 crisis. Despite a few adaptations to stimulus programs in the right direction, and despite first measures to lighten lockdown rules, we think the dangers we presented are still very high and unlikely to go away in the near-term future.

A QUICK SUMMARY OF OUR SYSTEMIC ANALYSIS AND SUGGESTIONS

1. Social distancing measures are likely to stay for much longer than hoped and anticipated despite current first opening attempts;
2. Relaxing and then again tightening will cause even more distress than a smooth gradual reopening of the economy;
3. Consequences for large groups of individuals and on businesses are vastly underestimated and might lead to significant social tension/unrest and many personal and business insolvencies;
4. Within 4-6 weeks, social unrest is to be expected if no further support is provided in some countries;
5. Within 4-6 weeks, loan defaults will become threatening to our financial system;

Despite the fact that we might hope for a quick recovery, chances for a different trajectory are high, and the following is needed if that case prevails:

1. More direct support of individuals affected by social distancing, particularly unemployed low-income workers and self-employed, undeclared workers and migrants;
2. More direct support for all businesses, without limits to eligibility criteria.

A FEW WORDS FROM THE "OUTSIDE WORLD"

While many still embrace a technocratic (quick relaxation will solve things) or optimistic (this crisis is an opportunity) view of the situation, more voices are aligning with IIER's concern, for example:

- [Economics Nobel Prize Winner Joseph Stiglitz expects hefty economic toll.](#)
- [Paul Krugman demands more stimulus](#)
- [IMF now also expecting negative global growth for 2020](#)

WE ARE HERE TO DISCUSS

Should you have further question regarding our analysis or suggested interventions, or like to understand our work better, please feel free to reach out to us.

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