

Shared Prosperity and COVID-19

In Brief

- The economic outlook for the remainder of 2020 is grim with trade, employment, and GDP projected to decline in the second half of the year.
- Despite presenting short-term challenges, the pandemic offers an opportunity for policy makers to make changes promoting long-term economic growth, sustainability, and inclusivity.
- Governments may choose to target spending towards policy that can address issues like climate change and racial and gender equality to promote inclusive growth.

Context

The COVID-19 pandemic has [disrupted the world economy](#) and left [nearly half of the global workforce at risk of losing their livelihoods](#). The [International Labour Organization projections for the second half of the year](#) suggest that job losses will continue, as the decrease in working hours could result in hundreds of millions of full-time jobs lost. Estimates suggest [merchandise trade will sharply decline in 2020](#) due in part to [the rising cost of transportation](#) during the pandemic. The [baseline model from the World Bank forecast a 5.2% contraction](#) in global GDP for 2020. Despite the outlook, the COVID-19 pandemic presents an opportunity for governments to rebuild resilient and inclusive economies. The pandemic has [provoked an age of unprecedented spending](#). By spending wisely, [policymakers can empower future generations](#) and generate equitable, sustainable prosperity.

Perspectives

With trillions of dollars set to be spent in the global recovery effort, the opportunity cost for choosing policy is high. [A survey of 231 policy experts from G20 countries](#) suggests that green policy initiatives can offer a sizeable return on investment. [Policymakers can learn from past responses to economic crises](#) where governments opted for shovel-ready infrastructure projects. In such cases, [governments exacerbated climate problems](#) by investing in fossil fuel plants and upgrading existing road networks. This time around, however, there is hope that economic response will include green, climate-friendly policy initiatives. The European Union has committed to green and digital investments in the [EU's proposed recovery plan](#) to create jobs and encourage economic growth. As part of his platform, United States presidential candidate Joe Biden recently [pledged \\$2 trillion](#) to help expand the green economy if elected.

The global pandemic has shed light on the many gender inequalities that exist in modern Western societies. While more men are dying from COVID-19 than women, research has shown how pandemics can [compound existing inequalities for women, sexual and gender minorities, among other at-risk populations](#). Women make up [70% of workers in the health and social sectors](#) across the world and are more likely to be exposed to the virus. According to the WHO, in the health sector, there remains an [11% gender pay gap](#) after accounting for occupation and working hours. It is also true that times of crisis lead to raised stress amongst





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families. Research shows that stress associated with a disaster, [like a pandemic, leads to higher rates of domestic violence and child abuse](#).

The COVID-19 pandemic [has exposed an association between race, ethnicity, culture, and socioeconomic status and health outcomes](#). Data from the Centers for Disease Control and Prevention (CDC) demonstrates that [racialized groups in the United States are not only more likely to contract COVID-19](#) but also more likely to be hospitalized or die as a result of the virus. While [Canada's](#) Public Health Agency has not published data for COVID-19 cases and deaths by ethnicity, data from the [City of Toronto](#) suggests that racialized groups comprise 83% of COVID-19 cases in the city despite only comprising 52% of the population.

Policy Approaches

Shared prosperity is about making investments and driving economic growth inclusively with a focus on a sustainable future. Some of the most [promising recovery policies are green initiatives with high economic multipliers](#). These include investment in clean physical infrastructure, building efficiency retrofits, investment in education and training, natural capital investment, and clean R&D. Policymakers would be wise to consult guidelines such as the [Green Economy Principles](#) of wellbeing, justice, sufficiency and efficiency when considering their response plans. These principles can play crucial roles in maximizing the effectiveness of a green recovery. By adhering to such guidelines, managing the recovery will also protect the most vulnerable populations and help [create eco-friendly jobs](#).

Governments play a crucial role in achieving and maintaining socially equitable gender roles, and several policy options can reduce gender inequalities. Since women have an increased presence among essential workers, governments must [address their specific needs](#). Governments may also wish to consider how the [caregiving system can be restructured](#) to afford women meaningful opportunities to participate in the labour force. By [implementing high-quality and affordable childcare and improving care for elders](#), governments can expand labour force participation for everyone, regardless of gender. Given the prevalence of COVID-19 among racialized communities, policymakers should consider their realities when developing policy.





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