

“From Virus to Vitamin” Newsletter

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**Will America drive the world again?
A wish list for
Biden’s economic agenda**



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QUESTION UNDER DISCUSSION

"For many different reasons, the pandemic not being the least, the world is facing many tensions and challenges. In this context, the incoming American administration might play a critical - in the primary sense of the word - role, for the best as well as for the worst. The new year 2021 is about to begin. Taking the pretext of the period of season's wishes and greetings, we propose to draft a wish list that we could share with the incoming Biden administration, especially in the field of economic objectives and policies, but taking into account also the regional priorities which are familiar to you"

TABLE OF CONTENTS

- Edito: [Will America drive the world again? A wish list for Biden's economic agenda](#)
Virgile Perret & Paul H. Dembinski
- "... [abandon the claim of wanting to play solo](#) ...",
Étienne Perrot
- "... [economical indexes such as GDP should be corrected](#) ...",
Leire San-Jose
- "... [social priorities for which the economic pay-off is more long term](#) ...",
Archana Sinha
- "... [some inspiration from the European Union](#) ...",
Domingo Sugranyes
- "... [tackling inequality, the US most intractable problem](#) ...",
Valerio Bruno
- "... [a common programme to deal with technology](#) ...",
Alfredo Pasto Bodmer
- "... [investment in public infrastructures... measures towards a greener economy](#) ...",
Cédric Tille
- "... [overcome the economic one-way thinking](#) ...",
Christos Tsironis
- "... [coronavirus, climate change, income inequality, education](#) ...",
Kara Tan Bhala
- "... [the interdependence of military expenditures and environmental threat](#) ...",
Andrew Cornford
- "... [return to the Paris Agreement, the WHO, help restore the WTO](#) ...",
Oscar Ugarteche

EDITORIAL

Will America drive the world again? A wish list for Biden's economic agenda

President-elect Joe Biden will arrive in Washington with an ambitious economic agenda, starting with plans to push Congress to adopt a \$1.9 trillion coronavirus relief bill, before moving to broader reforms of the American economy. The Biden's Presidency is expected to herald a shift in economic policy but will confront internal political and economic challenges limiting his capacity to implement reforms.

On the domestic front, the most immediate urgency is to address the coronavirus pandemic and its far-reaching consequences, especially since pandemic management in the US "has been negligent, to say the least". His ability to do so will set the tone for his presidency and influence the post-pandemic economic recovery.

Although Biden's initial relief package centres on "social priorities" such as increasing unemployment insurance, stimulus payments and social security for Americans, it is also suggested to implement more structural economic reforms: "investment in public infrastructure that can be easily funded given the low interest rate on public debt"; measures pushing towards a greener economy, such as a carbon tax whose proceeds would be repaid to households, especially the ones with lower incomes or in regions with limited transportation options". It is also urged that Biden will address inequality - "the US most intractable problem", since it leads to "a disaffected and divided polity" and fuels a sense of discontent with the present and uncertainty about the future, precisely the kind of feeling fostering the rise of populist leaders.

On the international side, probably the most important hope - after Trump's "America First" - is the US return to multilateralism: "return to the Paris Agreement, the WHO, help restore the WTO and strengthen multilateralism as there is no possible economic recovery without global agreements on several fronts." A new US commitment to support international institutions may revitalize the transatlantic relationship with the EU and potentially lead to develop "a common programme to deal with technology", eg. to find fair ways to tax them and address market distortions.

Overall, the hope is that Biden will not only reverse many of the Trump administration's economic policies, but be largely proactive, reviving the stalling world cooperation. Can he (realistically) meet these expectations? Certainly not all and the capacity of the Biden administration to translate hopes into substantive policies will be confronted with two obstacles: first, the economic consequences of COVID-19 are going to limit the administration's ability to develop new initiatives; second, Biden may have a short window to accomplish all his goals, since he runs the risk of losing the majority on Congress in the 2022 midterm election, which could leave many of his economic reforms cast aside.

[Virgile Perret & Paul H. Dembinski](#)

“... abandon the claim of wanting to play solo ...”

"Critical" situation, indeed, a point of equilibrium where the United States can slide either towards a slow decomposition of its economy - already under way - or towards regeneration. **I have only one wish: that the American administration abandon the claim of wanting to play solo, and agree to return to the table where multinational agreements are negotiated.** Of course, by supporting international organizations, the US would lose some of the advantages from bilateral agreements that allow it, still today, to easily dominate the weaker countries. But they would gain some advantages in the face of rising powers, especially China and perhaps (miraculously) Europe.



[Étienne Perrot](#)

“... economical indexes such as GDP should be corrected ...”

Changes give us the option of a new game with new rules. Now it is time for a New Game in USA including desires for New Year! First: get balanced economic and health options between people; possibly with a tax policy that increases taxes for higher salaries and large companies, also monitoring and reducing the gap on salaries. Second, green and social investment, as a road for a sustainable economic future, with policies that push green and social actions. Third, it is important to give the voice to decision criterion different from power or capital. **Economical indexes such as GDP should be corrected or explained with other rating that measure the social, environmental and emotional aspects of society.** New challenge for a new USA!



[Leire San-Jose](#)

“...social priorities for which the economic pay-off is more long term ...”

The horror year that 2020 has been is mercifully coming to an end with a measure of welcome hopefulness, now that vaccines are on the way. While conquering the pandemic is top concern, monetary incentive is not the key to enabling a strong post-pandemic recovery. Most would go towards productive investments in areas such as infrastructure, capital maintenance and climate change adaptation. **While some would also go towards social priorities (for which the economic pay-off is more long term) such as health, education and income support for struggling households, wherein many women struggle every single day within their homes. But, as it turns out, there couldn't be a more judicious time than now to inspect this matter, as the virus intensifies the pressures on human lives and future life prospects.**



[Archana Sinha](#)

“... some inspiration from the European Union ...”

Not being qualified to answer your question re priorities of the Biden administration, I would rather express my **optimistic feelings about recent achievements in the European Union**: a swift, ambitious and mutualized response to the challenges of post-pandemic recovery; a shared standpoint on protecting the democratic rule of law; and a reasonable conclusion of Brexit. I hope that 2021 will see more of such constructive, imaginative bridge-building proposals and agreements, with the EU and other world players, including China, finding ways for interdependent progress on trade, defence, climate change, health policies and digital rights... And, to all participants and readers, happy new year!



[Domingo Sugranyes](#)

“... tackling inequality, the US most intractable problem ...”

Many worldwide are asking Biden for a strategy embedded in bold vision as well pragmatism, as recently highlighted by Vittorio Emanuele Parsi. To do so, **Biden and Harris should be tackling inequality, the US most intractable problem. The country's wealth distribution is now out of control, increasingly in the hands of the 0.1%**. That level of inequality will undermine every serious effort of reforming the world longest-standing democracy. Trump was able to make a fortune on what sociologists as Zygmunt Bauman and Colin Crouch have defined as pessimistic nostalgia or “retrotopia”: discontented with the present and uncertain about the future, people look at the past, tempted by the trivial solutions of the common-sense politics of autarchic and populist leaders.



[Valerio Bruno](#)

“... a common programme to deal with technology ...”

- Fix relations with Iran. We do not want Iran as an enemy, Iran is not the ayatollahs, just as Spain was not Franco, Germany Hitler or Russia Putin.
- **Have a common programme (with the EU, perhaps also with China) to deal with technology, to develop things that help people, not replace people.**
- Help us think of ways to make migration an advantage, not a threat.

Alfredo Pasto Bodmer

“... investment in public infrastructures... measures towards a greener economy ...”

On the domestic side, **investment in public infrastructure** is needed and can be easily funded given the low interest rate on public debt. The new administration should also implement **measures pushing towards a greener economy**, such as a carbon tax whose proceeds would be repaid to households, especially the ones with lower incomes or in regions with limited transportation options. Policies to address the long-standing problem of stagnating income for most Americans are also needed. On the international side, the United States should resume its leadership **role in multilateral institutions**.



[Cédric Tille](#)

“... overcome the economic one-way thinking ...”

One of the most significant anticipation is to reflect on the domestic/global economic situation and to create new dynamics towards a more just world where the right to live in dignity will be actively protected: **health care, education and welfare provisions should be part of a special fund separated from austerity measures. Climate change and peacebuilding have to be put in the spotlight. We wish to overcome the economic one-way thinking and to initiate plans of dealing a connected world through the lens of fragility, vulnerability, and liquidity.** To engage youth in governance, to use taxes for stability and social peace and to elaborate plans for a universal basic income (UBI) and ecosystemic family's protection. All in all, to inspire the rest of the world with a pluralistic democratic model of governance.



[Christos Tsironis](#)

“... coronavirus, climate change, income inequality, education ...”

First, deal with the immediate problem: the **coronavirus** which kills thousands a day. Pandemic management in the US, especially at the federal level, has been negligent, to say the least. Second, deal with our continuing existential problem: **climate change**. Put into action policies such as instituting a carbon pricing program, giving market incentives for renewable energy installation and research, and supporting sustainable corporate practices. Third, deal with **income inequality** that leads to a disaffected and divided polity. Fourth, provide **free college level education** at state universities. Fifth, work on the issues in this wish list simultaneously, rather than sequentially, because, time.



[Kara Tan Bhala](#)

“... the interdependence of military expenditures and environmental threat ...”

The problems are daunting: an expected 15 per-cent increase in world population by 2030; checking decarbonisation in a world where the rising middle class and the poor in developing countries view themselves as not responsible for the climate crisis; the threats posed by demagogic populism and far-right nationalism to rational governance; and a renewed arms race by the world’s major military powers. The cognitive systems underlying policy designs must henceforth include the ecological and environmental dimension of major challenges, which is difficult in the current absence of international consensus on many issues involved. **A new policy approach will require recognition of the interdependence of the issues of military expenditure and environmental threats. Initially moderate decreases in military expenditure by major countries, desirable in themselves, could release huge sums for the control and mitigation of climate change.**



[Andrew Cornford](#)

“... return to the Paris Agreement, the WHO, help restore the WTO ...”

- Keep the FED expansionary monetary policy. It helps the commodity markets and benefits Latin American economies indirectly.
- Eliminate the new trade barriers placed and end the use of new instruments of the trade war against China.
- Concentrate on the change of the energy matrix in the US and replace gasoline as the main US export to the world.
- Restore the Environmental Protection Agency (EPA) power, in order to mitigate global warming and restore clean energy policies in the US.
- **Return to the Paris Agreement, the WHO, help restore the WTO and strengthen multilateralism as there is no possible economic recovery without global agreements on several fronts.**
- Contribute to the universal vaccine project COVAX and help mass produce cheap vaccines, easily storable.



[Oscar Ugarteche](#)

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“FROM VIRUS TO VITAMIN” – JOIN THE DISCUSSION

The **Observatoire de la Finance** intends to seize this period of pandemic to step back and take a fresh look at our global economic system, dare to ask new questions which the current crisis brings to the fore and propose innovative ways to rebuild a more resilient and sustainable economy and society. In brief, we want to turn the virus into a vitamin for the future.

Our Discussion Board “From Virus to Vitamin” focuses on commenting issues relevant to finance and economy in relations to society, ethics and the environment from a variety of perspectives, of practical experiences and of academic disciplines. It has been designed to share and discuss information and opinions expressed in a short and concise manner.

Contributors ([Discover the list of contributors](#)) are invited to react on a question/issue that is submitted in parallel to a limited group of experts. This happens on a regular basis, through a dedicated mailing list. After the deadline for submission, the reactions are edited and published with signatures in one document on the website of the Observatoire de la finance and on its LinkedIn page. If you would like to join the discussion, you may send an email to the editor, Dr. Virgile Perret <perret@obsfin.ch>.

OF Discussion Board – Questions addressed so far

- Question 12 : [Will America drive the world again? A wish list for Biden’s economic agenda](#)
- Question 11 : [Rush for Covid-19 vaccine: bottle-necks require public-private worldwide](#)
- Question 10 : [Does robotisation trigger redistribution?](#)
- Question 9 : [Scaling up industrial policy at regional level](#)
- Question 8 : [Stock markets and the real economy: dangerously skewed allocation](#)
- Question 7 : [Realigning international trade according to the full cost principle](#)
- Question 6 : [Indulgent creditors and industrial policy](#)
- Question 5 : [Caring for care](#)
- Question 4 : [The changing nature of GAFAs: global market players, national champions or public service providers?](#)
- Question 3 : [Squaring the circle between international good intentions and national \(weak\) institutions](#)
- Question 2 : [A simplistic and misleading trade-off but policy dilemmas are real](#)
- Question 1 : [Convictions rarely change... but they get refined](#)