



**“From Virus to Vitamin”
Newsletter**

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“What principles should guide us in striking the balance between «lives and livelihoods»? Or put differently, between health and GDP?”

<http://www.obsfin.ch/discussion-board-n2-29-04-20/>

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EDITORIAL

A simplistic and misleading trade-off but policy dilemmas are real

Our question suggests that we are confronted to a cruel alternative to either severely damage our economy through extended lockdowns, or to sacrifice the health of thousands of people, among whom a great majority of elderly.

Our contributors reject the alternative lives versus livelihoods, but acknowledge a series of underlying policy dilemmas that need to be solved according to specific context. Even if there is no “one size fits all” approach, however “material resources can be restored, lives not”.

Many contributors challenge the very existence of the trade-off, they stress that cost-benefit analysis cannot cope with « the uncertainty of future outcomes” and that “we are far from knowing the chain between spending and either health or livelihood”. In the absence of reliable information, any attempt to reach a choice by calculation should be discouraged. Others recall that the discussion concerning the balance between “lives and livelihoods” is essentially a “problem of political discernment” and remains a privilege of democracies that are equipped to compromise.

Action is needed on both these fronts, but there are different opinions as the principles which should guide us in striking the balance: some argue that « it is essentially a question of time management”, the challenge being “to combine long and short-term measures”. Caution, however, requires to keep a long-term horizon, since « raising GDP today through rapid deconfinement may well lead to a second wave of epidemics and another recession. ».

The relevant question, therefore, may be more about « which economy we want to reopen rather than when we want to reopen it ». Many stress that principles of care, fairness, transparency and the common good should prevail over GDP growth that is “an inadequate measure of societal progress.” This may imply redefining “the concept of economic value” and “moving away from the unsustainable logics of financial and economic efficiency” to principles of responsible consumption and sustainable production. For those contributors, it seems that “the health versus economy trade-off makes no sense”.

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

“... the uncertainty of future outcomes ...”

This question is difficult to answer in abstraction from context of the balancing. My initial reaction was to recall the pioneering work in the first part of the 20th century of the actuarial scholars, Louis Dublin and Alfred Lotka, on the estimation of the money value of an individual – used, for example, by the insurance industry and in the estimation of the costs of wars. But then I thought that you no doubt wanted something more topical. Here I felt that **the question would be better phrased if it included the relation of risk to the appropriate balancing of losses/gains since such balancing must take account of the uncertainty of future outcomes.** But the assignment of risk – quite aside from the centuries-old debate on the relevant conceptual mathematics – cannot be done in the absence of at least a general specification of the context to which the balancing refers.



[Andrew Cornford](#)

“... material resources can be restored, lives cannot ...”

Where gathering reliable information is a prerequisite, I would discourage any attempt to reach a choice by calculation. **We are far from knowing the chain between spending and either health or livelihood. Choice must be the result of deliberation. Material resources can be restored, lives cannot; so saving lives is more urgent than relieving material stress.** But prudence will remind us that we cannot prevent all illnesses or eradicate all poverty. This should guide our choice in any specific situation, which is all we shall have to face. General rules are abstractions.

[Alfredo Pastor](#)

“... public health should no doubts be the priority ...”

Pope Francis rightly warned of the scary possibility of citizens of recurring to loan sharks to face the impact of the crisis, calling it a “social pandemics”. David Beasley, director of the United Nations World Food Programme, pointed out the economic impacts of the COVID-19 pandemics could push 130 million people to the brink of starvation by the end of 2020 in conflict-scarred nations... **In the fight against the COVID-19, public health should no doubts be the priority of the actions of Governments and International Institutions worldwide, as health and safety are the conditio sine qua non of any human productive activity.** However, we should not forget the nature of Politics itself requires considerations on the long run.



Valerio Alfonso Bruno

“... this is a problem of political discernment ...”

This is a problem of political discernment; it cannot be resolved without compromise. Three possible principles:

- 1 °) Distinguish between the objective and the finality, which leads to pass from the logic of performance (measured by the GDP) to the logic of efficiency (of what? for whom? for when? who will support the cost ?)
- 2 °) Abandon the Jacobin myth of the "one best way", because there are several legitimate answers
- 3 °) To Reason, not from statistics, the mass, the majority, ... but according to the weakest person.



Etienne Perrot

“... only true democracies tend to seek a balance ...”

There are no universal principles to strike a balance between “lives and livelihood”. The approach to solving these dilemmas depends on many factors. One of the factors can be considered as a key one. This factor is trust in power (true democracies), not faith in power (populist governments) or faith in and fear of power (undemocratic regimes). **Only true democracies tend to seek a balance between «lives and livelihoods» in the interests of the people.** In two other cases, governments will tend not to seek balance, but to make a choice between health and GDP, which is motivated by the preservation of power. Democracies have a strategic advantage, but tactical mistakes can fail them.



[Yuriy Temirov](#)

“... a question of time management ...”

Health (“cure”) and the economy (“crisis”) are not alternatives. Both are equally urgent; addressing them is essentially a question of time management. Nobody wants people to die without cure! It is happening in places (e.g. elderly homes in Spain) due to social habits, bad luck, denial or unpreparedness, but above all due to bad time management. Addressing the economic damage is equally important and will continue to be on the agenda for many months, even once hospitals are no more under threat of collapsing. In the medium term, total priority for employment, i.e. efficient credit, tax exemption for SMEs etc... and strong help for people to prepare for change in job scenarios already happening before COVID-19, and now accelerating



[Domingo Sugranyes](#)

“... the creation of wealth will come later ... “

Primum vivere deinde philosophari. Above all, to live. The creation of wealth will come later. The economic situation is going to be critical, but it need not be desperate. Perhaps there will be an upturn in V form. The fundamentals of the economy are better than in 2007. And the heart of the system is stronger and healthier. **If we show solidarity and act together, we will get out of the economic rut. But we will all have to get out: without losing anyone along the way.**

That would be a failure. It would be unethical, economically inefficient and humanly unsustainable. Because with a heavy burden of impoverished people the globe will never take off in a globalised economy.



José Luis Fernández Fernández

“... the challenge is to combine long and short-term measures ...”

Searching for principles that might regulate the current socioeconomic conundrum should weaken the either/or dilemma. The question how we are going to get out of the recession spiral complements the question how we are going to share the cost of the restart within and between the states. **The challenge is to combine long and short-term measures (financial, healthcare, welfare policies, recovery funds) while ensuring the access to the public goods and refiguring the local-global relationship.** Possible principles of our action? The common good as balancing rule between development and sustainability, socio-political autonomy and interdependence. The Integral collaboration between scientific bodies, socio/political institutions and economic agents. The combination of innovative economic instruments with the enhancement of accountability and deliberative democratic strategies



Christos Tsironis

“... it is important to have a long enough horizon ...”

It is important to get an accurate idea of the options to choose from. Raising GDP today through a rapid deconfinement may well lead to a second wave of epidemics and another recession. **In the end the gain of short-term GDP can come at the cost of substantial loss in medium-term GDP, and it is important to have a long enough horizon.** Also the spread of the cost across the population matters: lowering a bit the expected life span of everyone is of less concern than substantially raising risk for a minority.



[Cédric Tille](#)

“... which economy we want to reopen rather than when ...”

This is a tricky question that reflects a common approach in mainstream economics: that is the cost-benefit analysis to frame decision-making problems. However, my guess is that there could be other lines to tackle the important questions our society is facing due to the outbreak of the virus. In my view, but I acknowledge a strong dependence on Harvard professor Michael Sandel's thought in this point, the principle of the common good should be taken back in the political and economic debate. While this may sound as a vague concept that does not indicate concrete path of actions, that is not the case. **A society leaded by the principle of the common good will debate more about which economy we want to reopen rather than when we want to reopen it.** Everything is connected, as Pope Francis said in the Laudato Sì, therefore should not be possible to imagine an economy that does not take into account, for example, the health issue for all the workers.



[Andrea Roncella](#)

“... the common good should prevail over self and private interests ...”

I believe that we should be guided by principles of care, fairness, transparency and the common good when seeking to strike a balance between lives and livelihoods.

We should act with **care** for every life.

Responses should be **fair**, reflecting an awareness of existing inequities and with particular concern for the needs of those who are most vulnerable.

Decision-makers should be **transparent** about the information and strategies that are guiding their decisions.

Finally, the common good must prevail over self and private interests.

GDP has long been an inadequate measure of societal progress. Now, more than ever, we should look to measures of human wellbeing to guide us to the right answers.

[Clare Payne](#)



“... understanding the concept of “economic value” ...”

The present time is a time of rest for the Earth, and for us - the people, it is a great opportunity to turn towards a universal system of values that determines our common "being" on this Planet. This is a time of demand, not so much for material goods as for the rare good, which is "truth", for good in the form of closeness of friends and the possibility of touching nature. **This is a time that clearly realizes the global need to look for a balance between demand arising from the need to maintain physical and mental health of people scattered around the world and the dynamics of a distributed economic machine.** The anchor for all activities can be the idea of sustainable development, but only if its implementation is synchronized globally and in international agreement. Today, this first of all requires developing a consensus on understanding the concept of "economic value," because it is a flywheel for business, including pharmaceutical. Today, this value is still undefined and abused.

[Anna Karmańska](#)



“... long-term principles of development ...”

Governments will soon have to choose between “health” and “GDP”, because the economy was forced to slowdown. Striking a balance between these two imperatives can be easier if long-term principles of development prevail. This translates into principles of responsible consumption and sustainable production for individuals and companies, which can be financed and can invest according to principles of patient capital. This means moving away from the unsustainable logics of financial and economic efficiency, which applied to their extreme brought us High Frequency Trading and Programmed Obsolescence. Hopefully this crisis will give a push for socio-economic movements that have emerged decades ago, such Slow Food, Sustainable Finance and Circular Economy.



[Philippe Rudaz](#)

“... the health versus economy tradeoff makes no sense ...”

There is no trade-off between health and GDP. World GDP for 2019 is US\$85 trillion, divided by 7.8 billion populations, it shows we produce roughly US\$3,700 worth of goods and services per 4-member family. What we produce is sufficient for a dignified life for all, even if inequality is just reasonably reduced. Access to universal health is part of it. Our problem is much more a policy problem than an economic problem. **Concerning the present COVID-19 challenge, the health versus economy tradeoff makes no sense either. The key issue is to reduce the speed the virus is spreading, as the China versus US policies show.** Improving the virus control will enable us to catch up with GDP.



[Ladislau Dowbor](#)

"... in each case it is a loss of a human life.."

Whether somebody dies from Coronavirus, from hunger, from polluted water, depression or cancer because of air pollution – in each case it is a loss of a human life. The other way round: all measures who save and extend life, are similarly important, from an ethical perspective. **This means that health measures to limit the pandemic and economic measures to decrease unemployment or provide drinkable water cannot play off against each other. The ethical imperative is then rather that economic measures have to be measured against its impact on saving and extending life.** During the COVID-19 pandemic, governmental programmes to stimulate food production and distribution are therefore more justified than to stimulate the sales of luxury watches. COVID lockdown measures are justified as long as the risk of massive losses of lives still exists. However, the weighing up goods means to promote those economic, political and health measures which produce the lowest number of losses of lives.



Christoph Stückelberger

"... Work and health are two pillars of our lives in the new world order ..."

The COVID-19 pandemic is impacting our lives, as well as our social networks and transactions in ways that we are only now beginning to comprehend. Importance of international cooperation on public health will be highlighted especially in population dense areas. Already everyone in the global village is starting to draw lessons. Many certainties and convictions will be swept away. Many things that we thought were impossible are happening. The day after when we have won, it will not be a return to the day before, we will be stronger morally. **There can be no return to normal because normal was the problem in the first place. We will have to think about to find another model for economy and health, in which collective needs will be better satisfied in terms of health system and domains of work in public space.** Public life may be at a standstill, but public debate will be accelerated, and everything will be up for debate.



Archana Sinha

“... both lives and livelihoods are elements of dignified human flourishing ...”

The question on guiding principles towards a balance between lives and livelihoods can be rephrased as to ask what the vitamin for this virus-induced, seeming dichotomy really is. Both lives and livelihoods are elements of dignified human flourishing. If this would be the umbrella consideration, policy makers should understand what in their fiduciary roles versus groups in society, flourishing concretely means. After that, based on these special, fiduciary duties, measures focused on employment, medical care, public life, finances and other domains can be defined, weighted and implemented adaptively. While this may yield semi-maximized flourishing for a population, it may cause the opposite for an individual. Continuous recalibrating remains necessary and the opportunity cost of failing leadership will be recognized to be high.



Eelco Fiole

“... first there is man and values ...”

First there is man and values that determine humanity including solidarity.

Three strategies are possible in a crisis: development; stagnant or regressive; three categories of economists also.

Every economic crisis closes and opens up some opportunities. We need understand the logic of the crisis and then use it.

The task of a pandemic economy is:

1. developing, implementing strategies to maintain purchasing capacity for goods needed in a pandemic
2. legal, financial and logistical support for the quick restructuring of the economy, so that supply capacity in this area arises
3. developing and implementing an economy restructuring strategy for the post-pandemic period
4. financial, legal and logistical stimulation of such a strategy
5. strengthening demand capacity after a pandemic.

The source of financing, when there are no others, are investment returns - on a national, regional or global scale.



Krzysztof Wielecki

LIST OF CONTRIBUTORS

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Alfredo Pastor

Clare Payne is the EY Fellow for Trust and Ethics and an Honorary Fellow of The University of Melbourne. In 2007, prior to the global financial crisis, Clare's paper titled, 'Ethics or Bust' was awarded the inaugural Ethics & Trust in Finance Prize by the Observatoire de la Finance. Clare went on to co-author, A Matter of Trust – The Practice of Ethics in Finance (2018) and is active in responsible finance through her work with Tobacco Free Portfolios.



Dr. **Virgile Perret** holds a Ph.D in Political Science from the University of Lausanne, for which he was awarded the Prize of the Faculty in 2013. He's specialized in the study of digital currencies and technological innovation from an interdisciplinary perspective. He collaborated with the European Commission, the International Labour Organization (ILO) and the State of Vaud.



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Philippe Rudaz works as senior consultant at the United Nations Conference on Trade and Development (UNCTAD).



Dr. **Archana Sinha**, a doctorate in Agricultural Economics, currently is Head, of the Department of Women's Studies; and just before this she was Head, of the Department of Rural and Urban Development, Indian Social Institute, New Delhi, India for the past several years. Additionally, she holds responsibility of Academic Coordinator, Research, Indian Social Institute, New Delhi. She is responsible for implementing research on various women issues, rural and urban based issues on gender and development, agriculture related rural economy, livelihood, gender and social exclusion, food security, nutrition, health promotion, SDGs related issues, etc. She is also involved in research studies, proposals, plans and surveys. She worked for evaluation studies and impact assessment in several flagship development programmes of Government of India with experiences drawn from the field and research. Also involved in publications of research reports, designing and organizing research methodology, advocacy and capacity building programs, networking and collaborating with similar other organizations in research, capacity building and advocacy programs Archana Sinha.



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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 2 : [What principles should guide us in striking the balance between « lives and livelihoods »? Or put differently, between health and GDP?](#)
- Question 1 : [How has the virus crisis affected your basic convictions about economy and society?](#)