

EU Economy and Social Capital in the Covid-19 Disease

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EU: Before and After

EU GDP Growth, % to previous year

2018	2019	2020
2.3	1.7	-7.1 ... or -8.3?

Lockdowns and coronavirus restrictions pushed the world's major economies into a record economic slump

Even at the end of 2021, the economy will not return to the 2019 level!!

A Closer Look to 2020

Virus Shock (Quarter GDP Growth, %)

2020	Q1	Q2	Q3*	Q4*
OECD	-1.8	-9.8	-	-
Euro Area	-3.6	-12.1	8.1	2.6
Germany	-2	-10.1	6.1	2.6
France	-5.9	-13.8	11.9	3.3
Italy	-5.4	-12.4	9.7	3.2
Spain	-5.2	-18.5	12.2	3.9
UK	-2.2	-20.4	13.1	4

Eurostat, *Bloomberg survey of economists

The Size of Fiscal Stimulus

Discretionary 2020 fiscal measures adopted in response to coronavirus , % of 2019 GDP

	Immediate fiscal impulse	Deferral	Other liquidity /guarantee	Last update
France	4.4	8.7	14.2	18/06
Germany	8.3	7.3	24.3	04/08
Italy	3.4	13.2	32.1	22/06
Spain	3.7	0.8	9.2	23/06
UK	8	2.3	15.4	16/07
US	9.1	2.6	2.6	27/04

The caveats with the stimulus

- The debt is rising
- The government interventions are on rise
- Where is the end of bailouts?
- The inequality of support measures

The lesson for Russia

...is simple:

Everything had to be done differently,

but due to objective and subjective reasons it was impossible

How social capital saves lives

- group coordination, higher trust, a willingness to participate in the production of social benefits - common good
- people have take into account the social consequences of their actions. But it comes with a cost!! Willingness to act out of collective rather than personal goals requires high social capital.
- areas with higher civic capital are better at supporting social distancing => decrease in infections => fewer death

So social capital not only slows the spread of infection, but also saves lives!

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