

New Horizons Hub: Trump vs. Biden - A Turning Point for the World?

As the US presidential election draws near and the race intensifies, governments and businesses must be prepared for what lies ahead. ING has teamed up with Oxford Analytica and The Conference Board to examine the consequences in an upcoming webinar. We pick up on this in our top selection of stories from ING authors and trusted third-party providers

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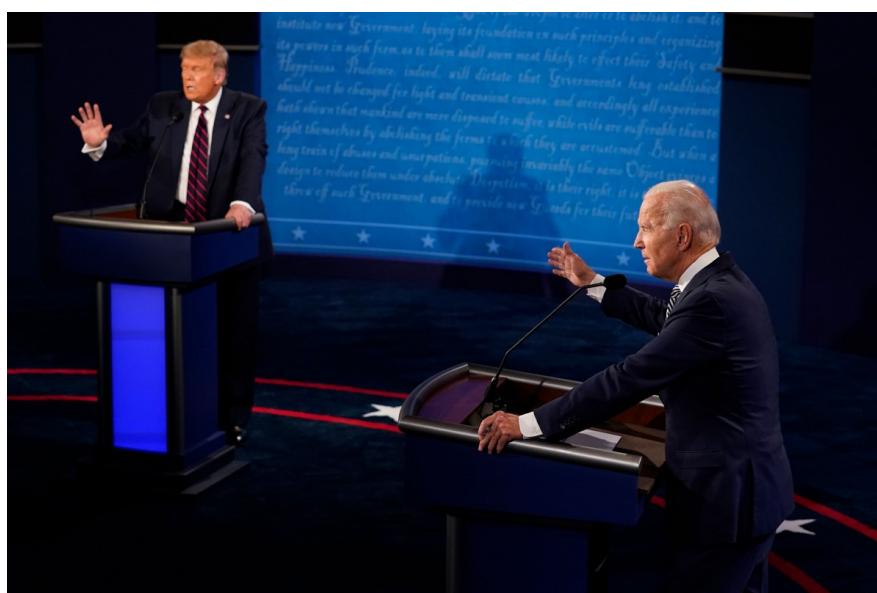
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Webinar: Trump vs. Biden - A Turning Point for the World?

This webinar, organised jointly by ING, Oxford Analytica and the Conference Board will run twice on Thursday, October 15th with different speakers at 10:00 am CET (4:00pmSST, 4:00 am ET) and again at 11:00 am ET (5:00 pm CET)



Prepare for what lies ahead

As the US Presidential election draws near and the race intensifies, governments and businesses must be prepared for what lies ahead. The 2020 election outcome may be the most consequential in decades, given the daunting agenda that the US administration will face over the next four years. It will be tasked with helping the economy recover from its deepest depression in nearly a century, confront or accommodate a rising China in a changing global order, and deal with a Congress and Supreme Court that are working on policy changes towards healthcare, climate, technology regulation, among other key issues.

The choices made will have a profound impact on the United States and globally. ING has teamed up with Oxford Analytica and The Conference Board to examine the potential election outcomes and discuss the consequences each scenario would bring in 2021 and beyond. The webinar marks the forthcoming report as part of Oxford Analytica and ING's joint thought leadership series 'US Politics Watch 2020'. Over the past year, the series has monitored the election landscape, analyzing the likely political, economic, and regulatory impacts of different scenarios.

The panel will answer:

- How will the US civics and party politics more broadly be affected by the election outcome and its aftermath?
- If Biden wins, how far will he be able to deliver on his priorities? How crucial will be winning control of both the Senate and the House?
- Would a Biden victory be a game-changer for climate action and policy towards the tech and health sectors? What would be the impact on the economy, trade, and the markets in 2021 and beyond?
- If Trump is re-elected, would his policy priorities change and how would the longer-term priorities of the Republicans evolve? How would the Republicans respond to a Trump defeat?
- How the United States will engage with the world in the case of Biden or Trump win? And what would be the implications from the geopolitical, economic, foreign policy, and global business perspectives? ☒



ING's James Knightley will join the webinar from New York

Register for the webinar

Register for Panel 1 [here](#)

Register for Panel 2 [here](#)

Panel 1: 10:00 am CET (4:00pmSST, 4:00am ET)

Welcome and Moderation: Nick Redman, Director of Analysis, Oxford Analytica; Mark Cliffe, Global Head of New Horizons Hub, ING Group; Amalia Khachatryan, Deputy Director of Advisory, Oxford Analytica

Panellists: Bart van Ark, Executive VP & Global Chief Economist, The Conference Board

Mark Cliffe, Global Head of New Horizons Hub, ING

Harvey Chen, Chairman of the Advisory Board, Center for Creative Leadership, Greater China

Trevor McCrisken, Associate Professor, US Politics and International Studies

James Knightley, Chief International Economist, ING Group



Linda Yueh is one of the panellists

Panel 2 11:00 am ET (5:00 pm CET)

Welcome and Moderation: Nick Redman, Director of Analysis, Oxford Analytica; Mark Cliffe, Global Head of New Horizons Hub, ING Group; Amalia Khachatryan, Deputy Director of Advisory, Oxford Analytica

Panellists: Dana Peterson Chief Economist & Center Leader, Economy, Strategy & Finance, The Conference Board

Linda Yueh, Fellow in Economics, St. Edmund Hall, University of Oxford

Charles Kupchan, Senior Fellow, Council on Foreign Relations (CFR)

James Knightley, Chief International Economist, ING Group

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Project Syndicate: After the Vaccine

For some childhood diseases, the development of a vaccine was by itself decisive. But this may not be true of Covid-19, because adoption will be slow, effectiveness will wane over time, or both, implying that the need for testing will be ongoing, writes Simon Johnson for Project Syndicate



Source: Shutterstock

Testing for Covid-19 is expensive

There is a growing consensus that one or more Covid-19 vaccines will become available at some point in early 2021. Within a year, many people in the United States, and some other countries, will be vaccinated. For some childhood diseases, the development of a vaccine was by itself decisive. But this may not be true of Covid-19, because adoption could be slow or effectiveness wane over time – or both.

In that case, the need to test people both for individual safety and to prevent outbreaks will be ongoing. The long-term problem with testing is already evident: the cost per test is high. In health-care systems where scarce medical resources are allocated on a fee-for-service basis, such as in the US, this means that many people cannot afford to get tested. In addition to progress toward a vaccine, we need to make virus testing at scale much cheaper, so that it becomes available to everyone, whatever their income level.

Currently, the untested in the US include most children attending public primary and secondary schools, as well as the teachers and others who work in those schools. They also include millions of older people, including those living in low-income housing (known as Section 202 housing). This lack of access to testing is a major economic and moral issue that will not go away.

The economic problem is centered around schools. If families and teachers are worried about what happens when children go to school, it is hard to get the economy – including jobs and incomes – back on track. Education disparities, which are already stark, will continue to widen. Some children will never attain the reading and math skills they are missing now. This will likely lower their lifetime incomes.

There are roughly 57 million children in primary and secondary schools in the US, living in 34 million households (of which nearly 24 million have two parents and 10 million have one). There are close to four million teachers and more than one million childcare workers. The continuing failure to provide virus testing in schools thus directly affects about one-third of the population.

If an effective vaccine becomes widely available, schools are likely to require children to be vaccinated. But there may be exemptions for religious or health reasons, as there is now for other vaccines. Health information is confidential, so you do not know who around you has had which vaccines. Tests for live virus are now non-intrusive (saliva or nasal swab) and can provide considerable reassurance – as well as the ability to detect and stop outbreaks.

But disposable at-home kits could be part of the solution

Owing to a legacy of official neglect and inaction, 40% of the Covid-related deaths in the US so far have occurred in long-term care facilities, where many residents are seriously ill and most are over the age of 60. Now, these facilities have more infection-control resources, testing is available, and the discussion is shifting toward preventing anything like this from happening again.

But we must not forget other vulnerable people, including in minority communities and those living in “congregate” facilities such as apartment buildings. Many elderly people have been in some form of self-imposed isolation since March, avoiding others as much as possible. By all accounts, the resulting isolation and loneliness is taking an awful toll, including by accelerating aging and potentially pushing more people toward dementia.

New testing technology, including disposable at-home kits, could become part of the solution. There are still questions about how precise these tests will be – how many false negatives and false positives we should expect – when deployed at massive scale. But the main question is how long it will take to establish and run the supply chains necessary to support production and distribution of hundreds of millions of such tests per month.

The other promising development is pooled testing. Covid-19 lab tests typically cost between \$25 and \$125, depending on the regional market. But the numbers look very different if you build the costs from the bottom up: a couple of dollars for the tube (with or without a swab) to collect samples, a small amount for the logistics of specimen collection at scale (mostly shipping), and whatever it costs to operate the relevant information technology system (including bar codes for the tubes and reporting requirements). Pooling 10 or 20 samples in one tube can lower the costs significantly, because it economizes on the expensive reagents needed to run the lab tests.

What do we need to get the cost per person tested down to \$5 or even lower? In a single word: competition. As more labs figure out and offer pooled testing, prices will fall. For once, capitalism and market competition can help the people most in need of help. Ensuring that they receive it will enable all of us get past the scourge of Covid-19.

The full and original article first appeared on Project Syndicate [here](#) on 30 September 2020.

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Project Syndicate: The Way We Could Live Now

Now that the scientific "debate" about climate change has been put to rest, the conversation shifted to questions of technical and political feasibility. There are grounds for hope on both fronts, but much depends on whether we can dismantle the behavioral obstacles standing in the way of collective action, writes Robert H. Frank for Project Syndicate



Debates about climate change have finally moved past the mindless disputes with denialists. Most people now accept that we face a deadly challenge. Yet without a consensus about what to do next, we seem to have hit an impasse. Is rapid decarbonization actually feasible at any cost? If so, is there any prospect that voters would willingly bear that cost?

There are cautiously optimistic answers to both questions. On the issue of decarbonization, my own thinking has been heavily shaped by the work of the energy engineer Saul Griffith, who has argued persuasively that it's not too late to act. A World War II-scale mobilization to decarbonize the entire energy sector within the next decade through wholesale deployment of solar and wind energy would avert the worst consequences of global warming.

Electrifying the economy would also enhance the experience of everyday life

Building a carbon-neutral electrical energy sector in the United States would result in solar panels occupying about 1% of the country's total land area. Because there are substantial costs of transmitting electricity across long distances, these panels would need to be widely distributed in proximity to population centres. We will all have to get used to living in their midst.

Fortunately, electrifying the economy would also enhance the experience of everyday life. Radiant in-floor heating, for example, is much more comfortable in winter than forced-air heated by gas. Convection ranges facilitate better heat transfer and temperature control for cooking. Electric vehicles have more torque and better acceleration than those powered by internal-combustion engines. Griffith has described how these benefits can be realized through decarbonization. But, because his work is not widely known, many pundits insist that it's already too late to act. Don't listen to them.

A Consumption Arms-Control Agreement

The biggest question for any climate agenda, of course, is how to pay for it. Until now, decarbonization has largely been a project undertaken by the well-off, who, almost exclusively, have been the purchasers of solar panels, heat pumps, radiant heating systems, and electric cars. Climate goals will remain unattainable unless everyone else takes these same steps without further delay.

Griffith's proposed solution is to render decarbonization more affordable through financial innovation along the lines of the GI Bill, which made mortgage financing available to returning WWII veterans at below-market rates. But such measures won't alter the fact that rapid, widespread decarbonization is an enormously expensive proposition. A WWII-scale mobilization would cost several trillion dollars annually for much of the next decade.

Climate goals will remain unattainable unless everyone else takes these same steps

In principle, coming up with that much money is entirely feasible. Just a decade ago, Americans collectively earned several trillion dollars less per year less than they do today. Distributional issues aside, the real question is not whether Americans could manage satisfactorily with several trillion dollars less per year to spend on themselves – obviously, they can. It is whether taxpayers can be persuaded to part with that much money to pay for rapid decarbonization.

Here again, there are grounds for optimism. As political leaders love to say, "Never let a good crisis go to waste." The US is now facing not just the enduring threat of global warming, but also the more immediate challenges posed by the pandemic and insistent demands to address centuries of racial injustice. This congeries of crises may offer a once-in-a-lifetime opportunity to enact major

policy reforms.

In particular, the experience of the pandemic may spur a reconsideration of how we spend our money in advanced economies. As the entrepreneur, Andrew Wilkinson tweeted this past April: “Things that don’t matter right now: Clothes, shoes, watches, jewellery, cars. What’s the new status symbol during the lockdown?”

For the past 50 years, growth in US national income has accrued almost entirely to top earners and has been put largely toward increased private consumption. No one can deny that if we had instead spent the same money on renewable energy, hospital surge capacity, and medical research, we would have been much better equipped to confront both climate change and the coronavirus. Unfortunately, it was difficult to muster support for major spending changes when threats seemed remote.

But attitudes reliably shift in the face of more immediate threats. The pandemic has affirmed a central finding from the expansive literature on the determinants of human wellbeing: Beyond a point that has long since been passed in the West, further increases in many forms of private consumption have little impact on health or happiness. When everyone spends more on clothes, shoes, watches, jewellery, and cars, the effect is merely to raise the adequacy bar. Money saved from across-the-board reductions in the growth of many forms of private consumption would be more than enough to pay for the investments necessary to meet the most pressing challenges we now face. The clear implication of the literature is that shared cutbacks of this sort would be less difficult than many expect.

But when income growth resumes after the pandemic, people will not alter their spending patterns voluntarily, because individual and collective incentives diverge sharply, much as they do in a military arms race. Although a mutual escalation of arms spending typically does nothing to enhance collective security, knowing this rarely inhibits rival powers from stockpiling weaponry. To disarm, countries need enforceable agreements to be executed in unison. Consumption races are much the same, though they are between individuals rather than governments. Across-the-board cutbacks are much less painful than unilateral reductions in spending.

The desire to do as one pleases does not confer a right to cause undue harm to others

Shibboleths about individual liberty – “It’s my money, and I have a right to spend it as I see fit!” – also have made it more difficult to increase public investment. Such objections, which often ignore fundamental conflicts between specific rights, are akin to protesting that an arms-control agreement violates each country’s right to build as many bombs as it chooses. Well, of course it does; that’s the point.

The experience during the pandemic has also made clear that the desire to do as one pleases does not confer a right to cause undue harm to others. As John Stuart Mill, the West’s most eloquent champion of individual liberty, wrote, “the only purpose for which power can be rightfully exercised over any member of a civilized community, against his will, is to prevent harm to others.” Whether unmasked persons intend to increase others’ risk of infection is beside the point. The harm itself is

what justifies mask requirements.

By the same token, many individual spending decisions cause unintended harm to others. Better schools attract more parents to their catchment areas, which are almost always located in more expensive neighborhoods. But that serves only to bid up housing prices. Once the dust settles, half of all students will still attend bottom-half schools, as before. Harm ensues even though no family intended to make it more expensive for others to send their children to good schools. Nor did families that spent lavishly on wedding receptions intend to cause harm by driving up the average (inflation-adjusted) cost of weddings more than threefold since 1980.

The Taxman Welcometh

Clearly, current spending patterns have not served us well as a society. But consumer behaviour will not change on its own. We need new incentives. The first place to start is with the tax code. A more progressive tilt to the existing tax structure would inhibit growth in private consumption while generating ample revenue for increased public investment and support for a more comprehensive social safety net.

We need new incentives

To be sure, wealthy voters have traditionally resisted such policies, believing that higher taxes would make their exceptional consumption harder to sustain. But that belief is based on a garden-variety cognitive illusion, one rooted in structural constraints that shape the brain's ability to process information. Life is complicated. We are bombarded by far more information each day than we can process consciously. To cope, our nervous systems employ various rules of thumb, which often operate beneath conscious awareness. They work reasonably well much of the time – but not always.

What happens when a high-income individual is asked to imagine the impact of higher taxes? Her first instinct – to summon memories of how she felt in the wake of past tax increases – comes up empty. If she is like most high-income people alive today, she has experienced top marginal tax rates that have consistently trended down since their WWII peak. During the war, the top marginal US tax rate was 92%. By 1966, when I graduated from Georgia Tech, it had fallen to 70%, and by 1982, it was 50%. The only significant increase came at the beginning of the Clinton administration; even then, rapid income growth for top earners meant that any after-tax decline in income was both small and brief. The top marginal rate is now just 37%. Similar long-term declines have occurred in other countries.

When Plan A fails, our well-off subject will go to Plan B. Because paying higher taxes means having less money to spend on other things, a plausible alternative cognitive strategy is to estimate the effect of tax hikes by recalling earlier events that resulted in lower disposable income: losing a lawsuit, say, or getting divorced, or suffering a health crisis. What these events have in common is that they reduce one's own income while leaving others' incomes unaffected. Such events are thus fundamentally different from an increase in the marginal tax rate, which reduces all incomes in tandem. This crucial distinction explains why people overestimate the pain of higher taxes.

As most wealthy people would themselves be quick to concede, they have everything anyone

could reasonably be said to need. If higher taxes pose any threat, it is to their ability to buy life's special luxuries. But, like a "good" school, luxury is an inescapably relative concept. To be special means to stand out in some way from what is expected. Almost by definition and without exception, special things are in limited supply.

There are only so many penthouse apartments with sweeping views of Central Park. To get one, a wealthy person must outbid peers who also want one. The outcomes of such bidding contests depend almost exclusively on relative purchasing power. And because relative purchasing power is completely unaffected when the wealthy all pay higher taxes, the same penthouses ends up in the same hands as before. (The threat of being outbid by oligarchs from abroad could be mitigated by transaction levies on foreign buyers.) In short, not even a rational libertarian should object to a tax hike that creates substantial benefits for virtually everyone without having to demand difficult sacrifices from anybody.

A Basic Messaging Problem

The problem, it seems, is that the attractiveness of a more progressive approach to taxation and spending has not been explained clearly to voters. A case in point is the failure to have enacted a carbon tax, despite compelling evidence that doing so would have improved life outcomes for virtually everyone. The planet is warming both because greenhouse gases are costly to eliminate and because we permit people to emit them into the atmosphere without penalty. If we had adopted a carbon tax decades ago, we would not be facing a climate crisis today. Even now, implementing one would substantially accelerate progress toward carbon neutrality.

So, what's the holdup? Pundits would say that carbon taxes are unpopular with voters. Because low and middle-income families already struggle to make ends meet, the last thing they need is a stiff new tax on energy. But this objection is easily parried. For starters, a disproportionate share of the revenue from a carbon tax would come from the wealthy. The top 10% of income earners account for almost half of annual global carbon dioxide emissions. Though energy-use patterns are less skewed in the US, wealthy Americans live in bigger houses, drive bigger cars, and take many more trips to distant destinations.

Most voters would actually receive more than they put in

In any case, even if energy use did not rise with income, it would be a simple matter to implement a carbon tax that not only spares struggling families from additional hardship but actually provides them with an economic windfall. Under one version of what economists call a revenue-neutral design, all proceeds from a carbon tax would be returned to voters in the form of monthly rebate checks. Whereas wealthy households with large carbon footprints would pay much more than they got back each month, most voters would actually receive more than they put in. And because the measure would make carbon-intensive activities more expensive, it would create powerful incentives to switch to cheaper, low-carbon alternatives.

The US today already encourages homeowners to install solar panels by providing costly subsidies that disproportionately benefit high-income households. In contrast, a carbon tax would automatically reduce the cost of solar power relative to fossil fuels, thereby creating the same incentive to install solar panels, but without the need for budget-burdening regressive subsidies.

While low-and middle-income families would be net financial beneficiaries under this scheme, affluent voters would also come out ahead, on balance. Not only would they benefit disproportionately from the resulting reduction in climate-related losses, but they also would be spared from having to shoulder the lion's share of the future tax burden from climate-adaptation measures.

Seeing a carbon tax as a threat to its interests, the fossil-fuel industry would, of course, oppose any such measure. In the months leading up to Washington State's 2018 carbon-tax referendum, oil and gas producers outspent the initiative's supporters by roughly four to one. But this challenge, too, is easily surmounted. For much less than his or her portfolio's daily interest earnings, a single billionaire could hire Pixar's best animators to produce a five-minute video explaining why a revenue-neutral carbon tax is a no-brainer. Not only would it leave 90% of families with more money to spend each month; it would also provide strong incentives for producers and families at all income levels to switch to clean energy sources.

How much exposure to this message would it take to convince voters? Because spending on ads is characterized by sharply diminishing returns, carbon-tax advocates wouldn't need to outspend the fossil-fuel companies; rather, they would need to spend only enough to ensure that their message was widely heard. That message, of course, should be well crafted. One lesson from behavioral science is that although people generally dislike taxes, most accept that it is fair to require fees for using a valuable resource, such as the planet's limited capacity to absorb carbon dioxide. So, rather than call for a revenue-neutral carbon tax, we would do better to call for a carbon fee and dividend program.

A Positive Pandemic

Finally, recent work in the social sciences provides still more grounds for optimism. Consider, for example, the effects of behavioural contagion – the tendency of ideas and conduct to spread from person to person in ways that resemble the spread of infectious diseases. Owing to contagion, the indirect downstream effects of any policy that changes individual incentives will typically dwarf the direct effect.

For example, according to one seminal early study, if a carbon tax induces just one additional family to install solar panels on its rooftop, a neighbouring household will follow suit within four months, on average. Let another four months pass, and each of these two will have spawned additional installations of their own, for a total of four. After two years, therefore, the initial installation will have led to 32 new installations just in that neighbourhood. And the contagion doesn't stop there, because each of the families responsible for installing solar panels will have shared news about them with friends and family in other locations.

Behavioural contagion also influences dietary choices, which have a major impact on climate. Earlier this year, US Senator Cory Booker of New Jersey was asked why he urges people to eat less meat rather than to become fully vegan, as he has done. He responded that simply reminding people of the reasons for eating less meat would result in a much larger reduction in overall meat consumption than if he pushed for a more radical dietary change.

The problem is social

The same logic applies to a revenue-neutral carbon tax. Most people eat meat because they were raised on it and continue to live among people who consume it in substantial quantities. Quite apart from any environmental concerns they may harbour, many of these same people recognize that their personal health would improve if they ate less meat. The problem is social. When meat-heavy diets are the norm among family and friends, it is difficult for individuals to cut back.

Because meat has a large carbon footprint, a revenue-neutral carbon tax would make it more expensive relative to plant-based foods. In most cases, the direct effect of this price incentive might be small. But if it induced at least some people to alter the composition of their diets in favour of plant-based foods, others would gradually find it easier to do so, too. Over time, such changes would be self-reinforcing. Behavioural contagion would likely produce dramatic shifts in eating habits, just as it has done with smoking.

My own study of behavioural contagion has led me to change my mind about the role of “conscious consumption” (individual actions to reduce one’s own carbon footprint) in the overall battle against global warming. Like most economists, I once viewed such steps as a distraction from the much larger challenge of marshalling massive investments in green energy and adopting stiff carbon charges. But having seen that the indirect effects of individual action can be orders of magnitude larger than the direct effects, I have abandoned that view.

You Are What You Do

More to the point, individual commitments are critical because they change who we are. Economists assume that we come into the world with fixed identities and preferences. But as Aristotle realized, it’s more accurate to say that we gradually forge our identities in the process of living our everyday lives.

Taking individual steps to reduce your carbon footprint reinforces your identity as a climate advocate. It makes you more likely to vote for candidates who support the policies that will halt global warming, and more likely to knock on doors to help get them elected.

Elections have consequences. In 2019, climate activists helped flip both houses of the Virginia state legislature. And this year, the state – hardly a hotbed of left-wing radicalism – enacted one of the most ambitious decarbonization bills in the country.

In this year’s election, there are many candidates who favor a continuation of the status quo, and many others who support long-neglected public investment and other policies to tackle our most pressing challenges. Our descendants’ future hinges on whether we let the crises our generation now confronts go to waste.

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Project Syndicate: How to end the pandemic this year

While the world waits with bated breath for a safe, effective, widely available COVID-19 vaccine, a government-led industrial and coordination strategy to achieve universal testing could bring the crisis to an end in a matter of months, writes Mariana Mazzucato, Reda Cherif and Fuad Hasanov for Project Syndicate.



A man being tested for Covid-19 in India

Tests could be made available free of charge at local pharmacies

Research to develop a safe, effective, and widely available Covid-19 vaccine is advancing rapidly. But when it will happen is not clear. Much depends on how we govern the production and distribution of new drugs. While the World Health Organization's Covid-19 Technology Access Pool promises to foster accessibility, the actual availability of vaccines and treatments also will hinge on local manufacturing capacity, which in many countries has been eroded by deindustrialisation.

Moreover, while universal testing remains a feasible, cost-effective, and immediately available method of managing the pandemic until a vaccine arrives, this approach also requires

manufacturing capacity and sound governance in the public interest. Yet even in advanced economies, over-reliance on the private sector may prevent governments from maximising test production and deployment. For example, the British government has proposed a “moon shot” testing program, yet its actual strategy needs clarification.

Over-reliance on the private sector may prevent governments from maximising test production and deployment

Such a mission-oriented approach requires a holistic, systems-level perspective, particularly when it comes to “wicked problems” like public-health crises and climate change, which involve a wide range of complex socioeconomic and technological issues. Implementing universal testing will require contributions from a sprawling network of actors and institutions. To be truly effective, any such program must be designed to generate systemic resilience and public value.

As has been demonstrated by the Nobel laureate economist Paul Romer, the epidemiologist Michael Mina, a recent IMF working paper, and many others, a properly designed universal testing program could bring the pandemic to an end within just a few months. The missing ingredients are industrial policies and other government measures to coordinate and steer production, in order to eliminate the bottlenecks that the private sector faces.

The necessary testing technology of rapid immunodiagnostic tests – such as saliva-based antigen tests that are similar to home pregnancy tests and cost less than \$5 – already exists. Although these tests are sub-optimal in sensitivity compared with the standard polymerase chain reaction (PCR) tests, they are specific enough to detect infections at scale in settings disease prevalence is high; and, crucially, they do not require centralized laboratory facilities.

Therefore, with a purposeful program design that carefully considers the functionality and limitations of the technology deployed, rapid tests can enable decentralized universal testing programs at the community level. For example, tests could be made available free of charge at local pharmacies, with the expectation that everyone tests themselves on a regular basis and self-isolate if positive. The same kits could be used as “infection-free” passports for admission to public spaces such as schools and workplaces. In this case, a new market would likely emerge as airlines, malls, restaurants, and cafés start purchasing cheap, rapid tests so that they can get back to business.

Rapid testing can complement the universal testing strategy

Rapid testing can help to expand and complement the universal testing strategy already being rolled out locally (such as the free mandatory testing at MIT and Georgetown University in the United States, weekly testing of employees at German workplaces, and the population-wide testing campaign in Wuhan).

Similar strategies need to be launched at the national level, especially in low- and middle-income countries where the affordability and scalability of molecular testing is low. Many countries have the capacity to produce a sufficient supply of tests at a cost that would pale in comparison to those inflicted by the pandemic. The number of tests needed globally over a year to supply a weekly testing regimen would be equivalent to less than half the number of cans of soda

consumed annually. Moreover, scaling up production of antigen tests could be done relatively quickly, and would be a minor effort compared to the US mobilization for World War II.

While billions of dollars are being funnelled toward vaccine development and production, additional funding also must be directed toward strengthening our testing infrastructure. At \$5 per unit, the cost of testing the world's population every week would come to around \$2 trillion. That is far less than the pandemic-related loss of global income during this period (as measured by the difference between pre- and post-pandemic growth forecasts) and fiscal stimulus so far this year, an estimated total of \$20 trillion. And these comparisons don't account for the costs of lost lives or the potential benefits of achieving new economies of scale in test production – a spillover that could enable the eradication of the seasonal flu.

There are potentially steep challenges beyond production, of course. As practical as universal testing is, any such effort could still come under pressure if governments believe they must choose between different production needs for vaccines, anti-viral drugs, personal protective equipment, and expanded medical facilities.

But universal testing must not be viewed as a separate item on a larger list of priorities. The point of a mission-oriented approach is to create dynamic public-sector capabilities and strengthen the entire health system at once. New testing capacity should be integrated with national and local health systems as part of a broader program design so that each leg of the strategy supports the others.

Increasing the production of tests and implementing a universal testing strategy is feasible

More broadly, Covid-19 has underscored the need for a more resilient and responsive industrial ecosystem that can increase the production of essential items quickly. Even under current conditions, increasing the production of tests and implementing a universal testing strategy is feasible, and could end the pandemic by year's end, while also creating the infrastructure needed to ward off future pandemics.

All countries need to adopt a longer-term vision and shore up their manufacturing capabilities. By leading on this issue, governments can strengthen local productive capacities and create a new kind of economic commons. The same mission-oriented approach could then be applied to science policy and industrial strategy, laying the groundwork for more cross-sectoral innovations and the type of resilient manufacturing that will be needed to tackle other highly complex global challenges. The days when we could pin all our hopes on technological fixes are over.

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Project Syndicate: Avoiding a Climate Lockdown

The world is approaching a tipping point on climate change, when protecting the future of civilization will require dramatic interventions. Avoiding this scenario will require a green economic transformation – and thus a radical overhaul of corporate governance, finance, policy, and energy systems, writes Mariana Mazzucato for Project Syndicate



Source: Shutterstock

The climate crisis and the Covid-19 pandemic are interconnected

As Covid-19 spread earlier this year, governments introduced lockdowns in order to prevent a public-health emergency from spinning out of control. In the near future, the world may need to resort to lockdowns again – this time to tackle a climate emergency.

Shifting Arctic ice, raging wildfires in western US states and elsewhere, and methane leaks in the North Sea are all warning signs that we are approaching a tipping point on climate change, when protecting the future of civilization will require dramatic interventions.

Under a “climate lockdown,” governments would limit private-vehicle use, ban consumption of red meat, and impose extreme energy-saving measures, while fossil-fuel companies would have to

stop drilling. To avoid such a scenario, we must overhaul our economic structures and do capitalism differently.

Many think of the climate crisis as distinct from the health and economic crises caused by the pandemic. But the three crises – and their solutions – are interconnected.

Covid-19 is itself a consequence of environmental degradation: one recent study dubbed it “the disease of the Anthropocene.” Moreover, climate change will exacerbate the social and economic problems highlighted by the pandemic. These include governments’ diminishing capacity to address public-health crises, the private sector’s limited ability to withstand sustained economic disruption, and pervasive social inequality.

These shortcomings reflect the distorted values underlying our priorities. For example, we demand the most from “essential workers” (including nurses, supermarket workers, and delivery drivers) while paying them the least. Without fundamental change, climate change will worsen such problems.

The climate crisis is also a public-health crisis. Global warming will cause drinking water to degrade and enable pollution-linked respiratory diseases to thrive. According to some projections, 3.5 billion people globally will live in unbearable heat by 2070.

Addressing this triple crisis requires reorienting corporate governance, finance, policy, and energy systems toward a green economic transformation. To achieve this, three obstacles must be removed: business that is shareholder-driven instead of stakeholder-driven, finance that is used in inadequate and inappropriate ways, and government that is based on outdated economic thinking and faulty assumptions.

The current crisis is an opportunity to drive sustainable growth

Corporate governance must now reflect stakeholders’ needs instead of shareholders’ whims. Building an inclusive, sustainable economy depends on productive cooperation among the public and private sectors and civil society. This means firms need to listen to trade unions and workers’ collectives, community groups, consumer advocates, and others.

Likewise, government assistance to business must be less about subsidies, guarantees, and bailouts, and more about building partnerships. This means attaching strict conditions to any corporate bailouts to ensure that taxpayer money is put to productive use and generates long-term public value, not short-term private profits.

In the current crisis, for example, the French government conditioned its bailouts for Renault and Air France-KLM on emission-reduction commitments. France, Belgium, Denmark, and Poland denied state aid to any company domiciled in a European Union-designated tax haven, and barred large recipients from paying dividends or buying back their own shares until 2021. Likewise, US corporations receiving government loans through the Coronavirus Aid, Relief, and Economic Security (CARES) Act were prohibited from using the funds for share buybacks.

These conditions are a start, but are not ambitious enough, either from a climate perspective or in economic terms. The magnitude of government assistance packages does not match firms’ requirements, and the conditions are not always legally binding: for example, the Air France emissions policy applies only to short domestic flights.

Far more is needed to achieve a green and sustainable recovery. For example, governments might use the tax code to discourage firms from using certain materials. They might also introduce job guarantees at company or national level so that human capital is not wasted or eroded. This would help the youngest and oldest workers, who have disproportionately suffered job losses owing to the pandemic, and reduce the likely economic shocks in disadvantaged regions already suffering industrial decline.

Finance needs fixing, too. During the 2008 global financial crisis, governments flooded markets with liquidity. But, because they did not direct it toward good investment opportunities, much of that funding ended up back in a financial sector unfit for purpose.

The current crisis presents an opportunity to harness finance in productive ways to drive long-term growth. Patient long-term finance is key, because a 3-5-year investment cycle doesn't match the long lifespan of a wind turbine (more than 25 years), or encourage the innovation needed in e-mobility, natural capital development (such as rewilding programs), and green infrastructure.

Markets alone will not lead the green revolution

Some governments have already launched sustainable growth initiatives. New Zealand has developed a budget based on “wellbeing” metrics, rather than GDP, to align public spending with broader objectives, while Scotland has established the mission-oriented Scottish National Investment Bank.

Along with steering finance toward a green transition, we need to hold the financial sector accountable for its often-destructive environmental impact. The Dutch central bank estimates that Dutch financial institutions' biodiversity footprint represents a loss of over 58,000 square kilometers (22,394 square miles) of pristine nature – an area 1.4 times larger than the Netherlands.

Because markets will not lead a green revolution on their own, government policy must steer them in that direction. This will require an entrepreneurial state that innovates, takes risks, and invests alongside the private sector. Policymakers should therefore redesign procurement contracts in order to move away from low-cost investments by incumbent suppliers, and create mechanisms that “crowd in” innovation from multiple actors to achieve public green goals.

Governments should also take a portfolio approach to innovation and investment. In the United Kingdom and the United States, wider industrial policy continues to support the information-technology revolution. Similarly, the EU's recently launched European Green Deal, Industrial Strategy, and Just Transition Mechanism are acting as the motor and compass for the €750 billion (\$888 billion) “Next Generation EU” recovery fund.

Finally, we need to reorient our energy system around renewable energy – the antidote to climate change and the key to making our economies energy-secure. We must therefore evict fossil-fuel interests and short-termism from business, finance, and politics. Financially powerful institutions such as banks and universities must divest from fossil-fuel companies. Until they do, a carbon-based economy will prevail.

The window for launching a climate revolution – and achieving an inclusive recovery from Covid-19 in the process – is rapidly closing. We need to move quickly if we want to transform the future of work, transit, and energy use, and make the concept of a “green good life” a reality for generations to come. One way or the other, radical change is inevitable; our task is to ensure that we achieve

the change we want – while we still have the choice.

The full and original article first appeared on Project Syndicate [here](#) on 22nd Sep 2020

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