

New Horizons Hub: US politics at a turning point?

In our latest report with Oxford Analytica, we examine how the Covid-19 turmoil could influence the US presidential elections. Although Joe Biden has a large lead, recent disruptions make him far from a guaranteed winner, writes ING's mark Cliffe and James Knightley. Also, here are our top selection of stories from our trusted third-party providers

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Coronavirus damages President Trump's election hopes

The coronavirus pandemic has transformed the political landscape in the US. President Trump, who has long portrayed the strength of the economy and stock market as his signature success is now challenged by an unprecedented economic downturn. The highly polarised criticism of his handling of the crisis has been given a dramatic twist by his response to the violent protests over the police killing of George Floyd in Minneapolis. As a result, Trump has failed to enjoy the bounce in popularity experienced by other global leaders.

For now, Joe Biden, who is on course to be confirmed the Democratic Party nominee, is well ahead in the polls for November's election, and the Democrats are hopeful of securing control of the Senate as well as the House of Representatives.

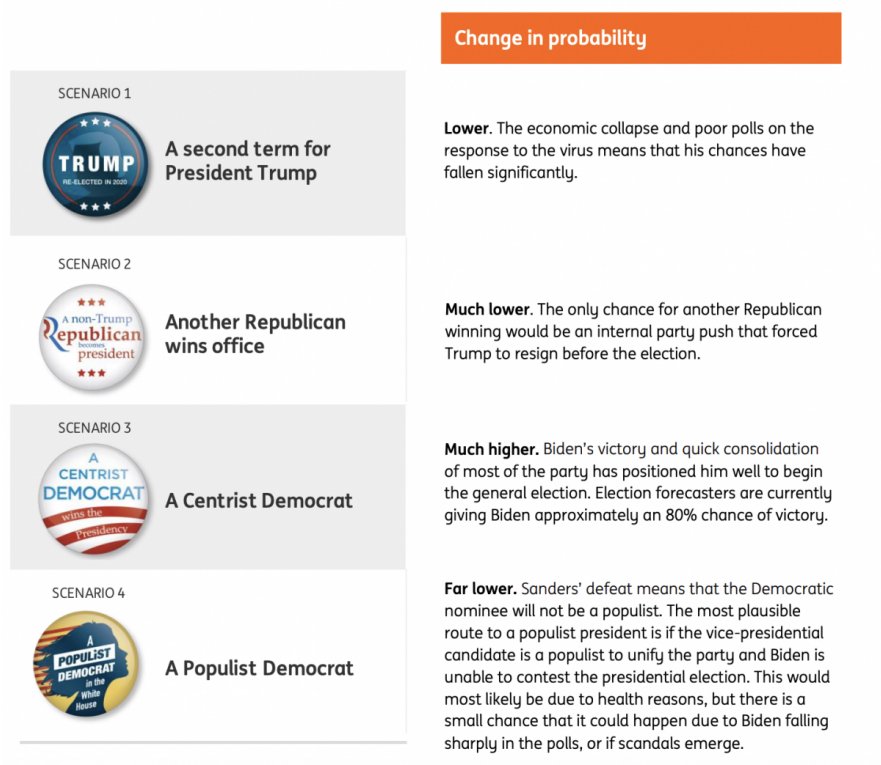
The US economy is in a huge recession, with nearly 40 million Americans having already lost their job. Washington has responded to the Covid-19 crisis with a series of rescue packages and stimulus bills, but more will be necessary. Most state and municipal governments' fiscal years end in June, which may lead to another round of layoffs of police, firefighters and teachers, thus driving the unemployment rate even higher.

So it is clear that the pandemic has had a dramatic effect on the probabilities for the four scenarios of the 2020 election that we outlined in our foundation report in April 2019 '[US politics watch: Four scenarios for 2020](#)'. For now, it appears that Biden is ahead in a two-horse race for the White House. Nevertheless, uncertainties about the evolution of the pandemic and its economic and social consequences will cloud the campaign, so it would be premature to call the outcome. Given the sharp differences between the Biden and Trump policy agendas, this is shaping up to be the most consequential election in decades.

Impact of the coronavirus on the 2020 election scenarios

The rapid move from it being an unclear Democratic choice to Biden being Trump's challenger affects the four election scenarios outlined in our initial report published in April 2019 '[Politics watch: Four scenarios for America's next presidential election](#)', in the September update '[US politics: Trump weathers the storms](#)' and in the December update '[US politics watch: Impeachment deepens the divide](#)'. We now have greatly reduced the chances of a progressive Democrat and another Republican nominee, as President Donald Trump has been winning the perfunctory Republican nominating contests.

Impacts of the primary on different 2020 scenarios



Source: Oxford Analytica

Trump's approval bounce fades

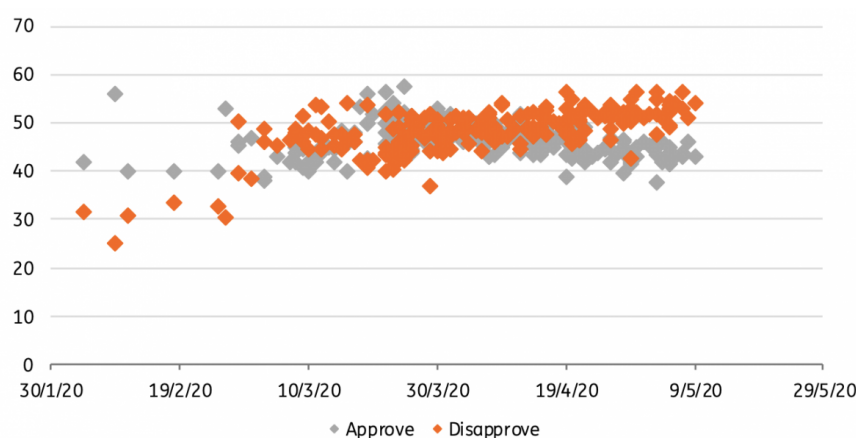
Presidential approval ratings are one of the most direct proxies for assessing the likelihood for re-election. Trump benefited from a 'rally-round-the-flag' effect at the start of the coronavirus crisis. His approval ratings spiked to 45% in early April, higher than it had been since his first month in

office. However, it just as quickly dropped. It is now below 43%, a little higher than the 40-42% range seen throughout most of 2019. However, these differences could be viewed within the margin of polling error: Trump's bounce was small, and his decline has been equally small. Furthermore, his core support remains solid. This suggests that, so far, the coronavirus has had little impact on the president's approval ratings. But while his ratings have scarcely changed in 2020, they might yet do so.

On the question of Trump's handling of the coronavirus crisis, the public has moved towards disapproval. Although the data is noisy, there is a clear trend towards greater disapproval since early April.

Trump might yet recover his approval ratings position in the event of a rapid turnaround in federal performance on Covid-19. However, there is another scenario in which other countries around the world begin to reopen their economies and recover while US deaths still rise – particularly given Trump's clear desire to press ahead with an aggressive reopening of the economy despite the reservations of his health experts. There is no precedent for how the public would interpret these facts, but with more than 100,000 deaths, while countries like Italy, Germany and South Korea have almost fully suppressed the virus, it will be difficult to spin this as a story of federal success.

Fig 1: COVID-19 approval ratings



Source: Polling data

This uncertainty makes it all the more likely that Trump will try to make the election a referendum on Biden and to deflect blame for the economic and human cost of Covid-19 onto China.

Trump will seek to paint Biden as an extremist, unreliable, or personally unfit for the presidency. These attacks have already included his eldest son, Donald Trump, Jr. “jokingly” accusing Biden of being a paedophile on social media. The president himself has repeatedly called Biden “Sleepy Joe”, while Trump campaign Facebook ads accuse Biden of senility.

Biden investigation

President Trump will look to benefit from likely Congressional and media investigations of Biden himself. The process that culminated in the impeachment vote in February was spurred by President Trump asking Ukraine to investigate a company which had paid Biden's son to sit on its board.

With Trump acquitted by the Senate, many of those who testified at the hearings have been dismissed from their posts and Senator Ron Johnson, Republican of Wisconsin, is pushing for a vote to subpoena Hunter Biden. Even Senator Mitt Romney, the only Republican to vote for impeachment, has signalled his support for investigating Hunter Biden.

This could serve as a constant drag on the Biden campaign, in the same way that Hillary Clinton's emails dominated coverage of her in 2016. A similar story is one of sexual harassment from former staffer Tara Reade. Whilst the story has been neither proved nor disproved, news coverage has begun to mimic the Clinton email story, with meta-coverage (ie, stories about "how it will play" rather than the facts of the case) appearing in major newspaper editorials.

This election may also revolve around China. Trump has blamed China for Covid-19 and a White House advisor falsely accused Hunter Biden of taking a billion dollars from China. Biden's campaign has released ads quoting Trump's comments from earlier in the year praising Xi Jinping. While the tactic may not move many voters, it will ensure that the coronavirus is at the centre of the election debates.

The widespread protests over the police killing of George Floyd have coincided with the continued decline of his approval ratings. Trump may continue to rely on a law and order message that tends to support conservative parties. He may look to emulate the success of Richard Nixon in his presidential campaign in 1968. However, unlike Nixon, Trump is the incumbent, so this will be harder to pull off. He also has little or no credibility with those groups protesting, which means that mayors, governors and cultural figures will be the voices of restraint.

He faces pressure to formulate a communications strategy that avoids dealing with the specifics of each city's protests. This will be difficult to achieve, given the sensitivity of the issues involved. The greater use of law enforcement may be inevitable and inflammatory, leading to protests continuing throughout the summer. If Trump is seen to mishandle the situation and delays a meaningful reconciliatory response, it will damage his chances.

President Trump's first national broadcast on the issue occurred at the same time as Attorney General Bill Barr ordered the tear gassing of peaceful protestors, an act which has already triggered Congressional calls for investigation. Regardless of the outcome, investigations in Congress through the summer will keep the images of peaceful protestors being attacked on television screens.

Trade War 2.0

If President Trump's polling shows no sign of turning soon, he may feel he needs to revert to being "Tariff man". Given his fury over what he has termed the "China virus" he may decide to carry through with threats to rip up the US-China trade deal signed only in January on the pretense that China has not fulfilled its commitment to its obligations.

If President Trump is to embrace tariffs it would need to include a sense of injustice about China's behaviour rather than merely "they didn't spend as much on soya as they said they would" since the US's trade deficit with China has declined rapidly. Therefore, intelligence (including from

international allies) would likely be used to lay the blame for the spread of Covid-19 on China.

Such a decision would likely see equities fall sharply, the dollar surge and the economic outlook darken as business costs are increased and supply chains further disrupted at a time of already huge economic upheaval. Remember, it is US businesses and households that actually pay the tariffs, and US exporters would also be fearful of retaliatory tariffs from China.

It is possible that internationally-exposed corporate America is much more critical of such a stance this time given the not insignificant probability that Trump will lose his bid for re-election. Business may be more willing to fight its corner if Biden has a decent lead and the president's actions help reinforce a narrative that "it's all about Trump" and his re-election rather than the best interests of the American people. As such, this could be interpreted as a last throw of the dice to try and swing the election in his favour.

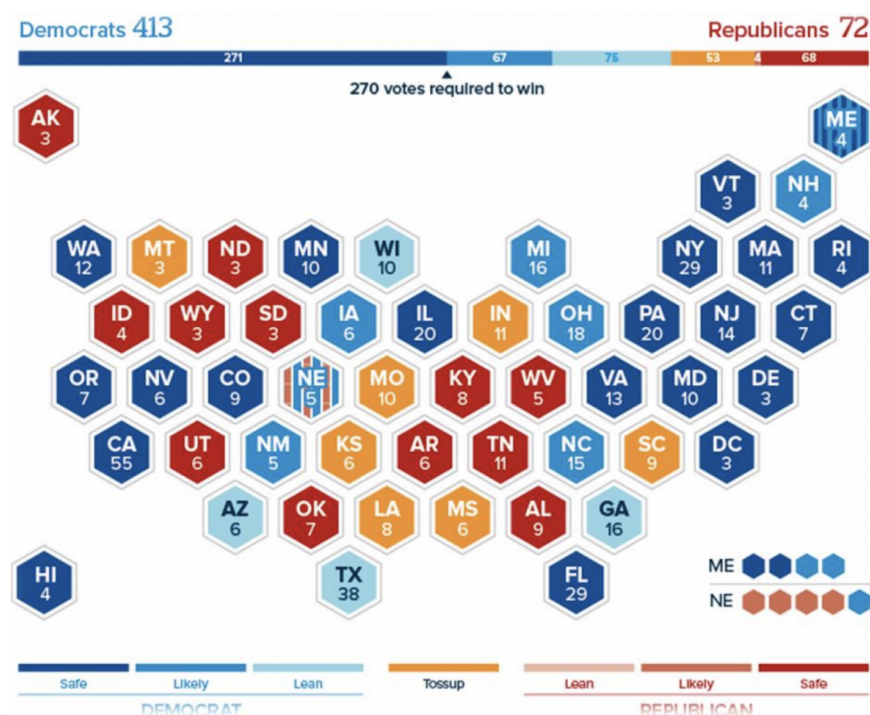
That is not to say Biden would be necessarily "softer" on China, but he is more likely to operate within the international framework and work with partners rather than declare unilateral tariffs.

A recession with unprecedented impact

An election-year recession normally damages an incumbent president's prospects of re-election. Prior to the economic crisis of 2020, Trump himself proclaimed that a buoyant equity market and record low unemployment rates are the true barometers of his success. However, the coronavirus shock is so sudden and so steep, and the American electorate so polarised, that it is difficult to model the effects.

We can use a simple linear model based on presidential approval ratings and economic growth in the second quarter of the year to forecast the election winner. Under the case of a 20% annualised economic decline, Biden would win 413 Electoral College votes to 72 for Trump (with 53 in the 'toss-up' category) (Figure 2). However, when talking about a base case of 40% annualised economic contraction, or of any comparably precipitous drop, a linear model is not suitable. While the effects are large, the question is one of scale, and to what extent negative partisanship will buoy Trump's chances.

Fig 2: Electoral college



Source: <https://www.270towin.com/maps/7DVPb>

The economic ramifications are also dependent on the duration of the decline in output and the impact on employment. If there is a rapid bounce back in the third quarter, Trump may be able to use the rebound to point to conditions improving. This would be similar to the way that President Ronald Reagan used a falling unemployment rate in 1984, despite it being still high, as a signal that he was succeeding in office.

However, the combination of ongoing social distancing measures, travel restrictions, consumer anxiety concerning the virus and the legacy of nearly 40 million Americans out of work suggests this will be a challenge to achieve. Remember, it took the US economy 14 quarters to recover the 4% lost output following the Global Financial Crisis. Despite the unprecedentedly large fiscal and monetary responses to the current crisis, a recovery of the 13% loss of output that we expect as a result of the Covid-19 containment measures, is likely to take much longer.

Trump needs to support the states

In this context, the significance of the pandemic’s impact on state and municipal finance is especially great. The timetable matters given that most governments’ fiscal years end in the summer and that 49 out of 50 US states operate under various forms of balanced-budget requirements or understandings, almost all municipal governments are unable to run deficits, and for all governments below the federal level running deficits is a practical impossibility. Moreover, such governments’ ‘rainy day funds’ – reserve pools which they can tap as needed – are small, comprising only about 11% of annual operating costs.

This combination of circumstances means that states and cities are preparing for large budget cuts for FY21. California alone is facing a 54 billion-dollar budget deficit, which is 3.5 times larger than its rainy day fund. Of that 54 billion dollars, 41 billion is accounted for by reduced revenues from the

economic downturn; the remainder flows from Covid-related expenditures.

During the Great Recession and in the years afterwards, state and local governments were a net drag on the economy. Unless the federal government offers states and local governments a major rescue package, we can expect to see the same result in 2020. While a major stimulus package to states and cities would not necessarily save Trump’s re-election chances, it would likely be a necessary precursor.

Can the Democrats win the Senate?

If economic and Covid-19 concerns contribute to a sharp downward slide in Trump’s approval ratings, which we would ordinarily expect given the historical correlation between presidential approval and economic conditions, this should worry Republican candidates in Senate elections. Even a small drop in presidential approval ratings would be enough to bring seven Republican Senate seats into play. Democrats likely need to flip four seats (or to win three and hold on to Alabama) to take control of the Senate.

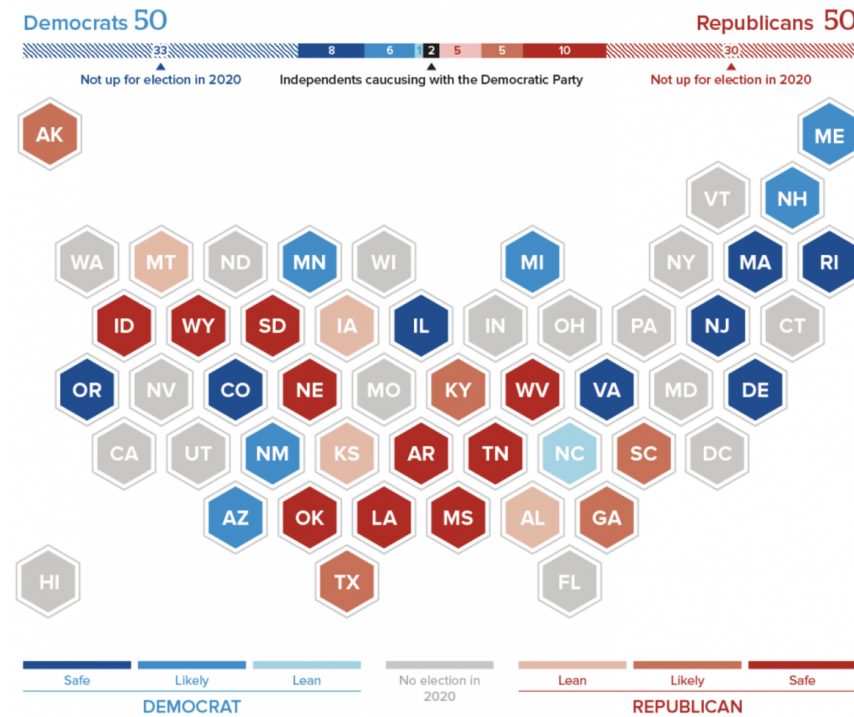
Fig 3: Senate seats

State	Incumbent	Cook Rating	Trump net approval rating (February 2020)
Alabama	Democrat	Lean Republican	28
Arizona	Republican	Toss-up	1
Colorado	Republican	Toss-up	-13
Iowa	Republican	Likely Republican	-5
Kansas	Republican	Lean Republican	4
Maine	Republican	Toss-up	-6
Montana	Republican	Lean Republican	6
North Carolina	Republican	Toss-up	4

Source: Oxford Analytica, various sources

Based on current projections, the map in Figure 4 is the likeliest path to a Democratic-controlled Senate, with Montana and the two seats in Georgia as possibilities in a Biden landslide.

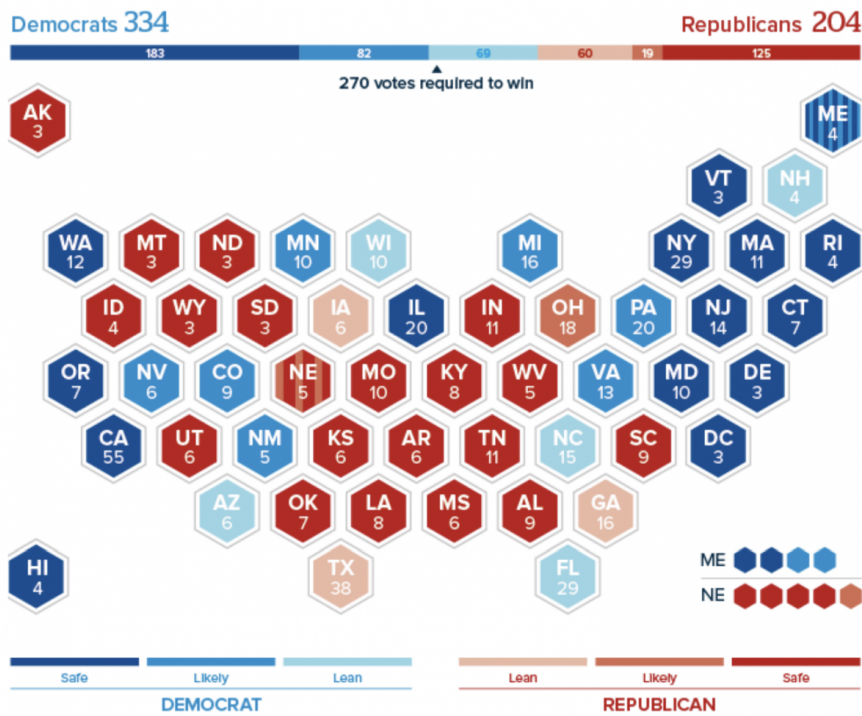
Fig 4: The likeliest path to a Democratic-controlled Senate



The House of Representatives is projected to stay in the Democrat's hands, with the majority party likely to pick up some seats.

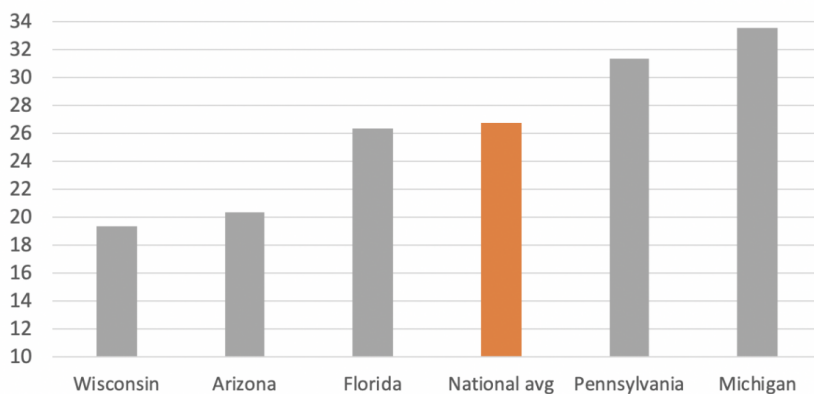
If current polling continues, this November election would result in the map illustrated in Figure 5, with a Biden victory of 334 Electoral College votes to Trump's 203.

Fig 5: Biden victory



While the closest swing states are in the Upper Midwest, with Wisconsin projected to be the ‘tipping point’ state, Biden’s lead has expanded the competitive map to include Arizona, Florida, and North Carolina. This provides Biden with more paths to victory, and minimises the importance of any one issue in the campaign, since the battleground map spans from the suburbs of Phoenix to the post-industrial northern Wisconsin.

Fig 6: Proxy for % of jobs lost*



Source: ING, Macrobond (*cumulative initial jobless claims as a percentage of February state employment)

Who will Biden pick as his running mate?

Biden’s most important decision of the next few months will be the selection of his vice presidential candidate. This can help unify the party, if the choice appeals more to the Sanders wing, and could

help in a swing state, if from a competitive state or region.

Although Biden's platform is more progressive than Clinton's and Obama's before him, the party has shifted to the left as a whole. While third-party defections or abstentions are unlikely to be as high as in 2016, they may still pose a threat to his election and require a progressive candidate to help him balance the ticket and ensure high turnout. Polling indicates that, whilst some progressive demographic groups' (especially the young) lack of enthusiasm for Biden will harm him, those groups are concentrated in states that are safely Democrat. That is not to say that (for example) such lack of enthusiasm could not damage Biden in swing states – such as Pennsylvania where the task of mobilising such groups in Pittsburgh and Philadelphia will be especially important.

While the more progressive candidates may not 'play' as well in swing states, vice presidential picks rarely change the course of an election, and matter far less than the perceptions of the presidential nominee. The question of the vice presidential nominee matters for mobilising partisan enthusiasts on the left of the party and assumes greater importance because of the likelihood that Biden will not run again in 2024 whereby the vice president immediately becomes the front-runner.

Biden has previously said that he will choose a woman, and, in the aftermath of the George Floyd killing, there is a high chance that he will choose an African-American woman. While vice presidential candidates rarely have large effects on a campaign (except where they go badly wrong as was the case with Eagleton in 1972 and Nixon coming close to damaging Eisenhower's campaign in 1952), they may indicate the direction a presidency may take. A known progressive like Senator Elizabeth Warren will indicate a much more forceful administration on regulatory issues. Senator Kamala Harris would likely indicate a more centrist path.

However, the candidate chosen will likely be designed to help the campaign in November. Former Georgia gubernatorial candidate Stacey Abrams could help move that state into being competitive, which would help the Democrat candidates for the two Senate races there. Current Michigan Governor Gretchen Whitmer could help in the Upper Midwest. Representative Val Demings would help in Florida. Demings, a former police chief and impeachment manager, Harris, a former Attorney General, and Warren, who campaigned on anti-corruption policies, also have an advantage in the policy discussions they would highlight against Trump.

Demings would be particularly helpful if issues of police brutality continue to dominate news coverage. This may be a difficult issue for Biden to address. He needs to identify with the victim in this case and others, and declare that such killings are and ought to be understood as constituting violations of the American creed without seeming to ally himself with looters, rather than the protestors. Biden could argue that the Justice Department should, as it has in previous administrations, lead a campaign to bear down on institutionalised police racism. Such a move would be consistent with his established views, could be presented as pursuing the public good through the institutions of law and order, and would be difficult for the president to oppose. He can here point to his work in the Obama Administration and the progress that had been made then against police brutality.

Could Trump survive a second wave of Covid?

A second wave of the virus would likely reflect badly on the president, particularly if it is viewed that his push to reopen the economy "too fast too soon" in the face of his advisory team's arguments for a more cautious stance, contributed in any way. Widespread street protests, partly

fuelled by perceived inequities of the pandemic response, may turn out to be ‘superspreader’ events that seed new infection hotspots.

A new wave of the virus could upend traditional voting patterns. There are opposing arguments for which party this would benefit. On the one hand, Democrats are traditionally more variable voters, and suffer more in cases of reduced turnout. On the other hand, seniors are more likely to vote Republican and be vulnerable to the virus.

The issue may be moot by the fall anyway: California has already moved to a vote-by-mail system to obviate the need for in-person voting. Other states are considering similar reforms. Even if a state as a whole does not adopt vote-by-mail, cities may do so. In the state of Washington, vote-by-mail became a statewide issue when heavily Democratic King County adopted it. Republicans in the state legislature approved of the system so as not to disadvantage themselves. The City of Milwaukee in Wisconsin has adopted vote by mail, and Democratic cities in swing states may follow. If so, their states are likely to adopt vote-by-mail.

Trump has already complained about vote-by-mail. He is likely to push Republican states not to adopt it further, but this could also hurt Republican prospects by making senior citizens (GOP-leaning) less likely to mail in ballots. If they do not show up to the polls because they are at risk of Covid, that would hurt his cause.

What if the candidates fall sick?

Senior government officials, including members of Congress and White House officials, are particularly vulnerable to Covid-19. They frequently meet with many people throughout the day and many are of advanced age. More than 25% of the Senate is over the age of 70, as are the two remaining presidential candidates.

The virus has infected people within the White House, including one of the president’s valets. If both Trump and Vice President Mike Pence were to contract the virus and die within quick succession, Democrat House Speaker Nancy Pelosi would take office. While extremely unlikely to happen, it would speed up the passage of new stimulus packages because her deputy would take over for her and reduce one point of conflict.

Such an eventuality would necessitate the Republican Party to quickly find a new nominee. This would likely be someone from the 2016 field who has been reliably pro-Trump but has a chance of winning in November, like Florida Senator Marco Rubio or Arkansas Senator Tom Cotton.

On the other hand, if Trump and Pence were merely incapacitated by the virus and sidelined, it might lead to a wave of sympathy and positive sentiment that may boost Trump’s chances. However, this would give Biden a few weeks to drive the narrative with Trump out of the spotlight, provided he remains well and able to campaign either in public or more effectively via social media.

If Biden were to fall ill or have to be replaced, then the nominee would be chosen by party delegates at the convention. While it is unclear who would be the nominee – there are competing

arguments for legitimacy among the many frontrunner candidates – it is likely that party leadership would try to form a ‘unity ticket’ with a moderate and progressive as candidates for president and vice president. Senator Bernie Sanders would be a natural choice for the presidential slot, since he has the second-largest number of delegates, but Biden’s delegates may turn to his vice president to move up to the slot, if he has already made his pick and she was a presidential candidate.

Policy in 2021

A Trump re-election would see him moving even faster towards withdrawal from many world organisations, with a new round of action against China possible – potentially even before the election (see subsequent section). This may involve new tariffs, Executive Orders on divestment, and diplomatic manoeuvres.

Trump would also seek to respond to the recession by radically reducing regulations on business, particularly the oil and gas sector. The corporate world may also expect more bailouts and targeted measures like payroll tax cuts.

Biden has already promised that his administration will be “Rooseveltian”. This implies a major stimulus package and a series of reforms from across the party. If appointed Treasury Secretary, Elizabeth Warren would seek to impose new regulations on the financial sector and more generally investigate corporate fraud and tax evasion. The tech sector will likely continue to see bipartisan scrutiny as ‘techlash’, which has paused during the coronavirus crisis, will resume albeit with some shift in emphasis.

However, it is clear that without the tech sector, the loss of output and employment due to Covid-19 would have been even bigger. It appears unlikely that anxieties about social media and privacy will be resolved to the satisfaction of critics but the economy’s dependence upon leading tech companies (and their disruptive emerging competitors) is greater than ever.

A new Cabinet position on climate change, perhaps headed by John Kerry, would push for a re-entry to the Paris Accord and green infrastructure. And progressive members of the Administration and Congress will press for the inclusion of elements of Bernie Sanders’ platform.

A Biden Administration may roll back some of the tariffs on China, but is likely to continue an adversarial or competitive approach. Intellectual property will continue to be a major source of contention between the US and China. There will likely be a return closer towards the policy of the Obama Administration, of conflict in some areas, while attempting to bind China closer economically to the global order. Climate would be an area of active cooperation.

Should the virus return again, necessitating new lockdowns, more government economic support will be required. The federal government would need to fill the gap in economic demand but may do so through a Universal Basic Income, since traditional stimulus projects, like infrastructure spending, may not be possible in a period of continued lockdowns.

Conclusion

The race remains unpredictable. Although Biden has a large lead at this point, the dislocations and disruptions from the coronavirus make him far from a guaranteed winner.

The outcome of the presidential and congressional election may be the most consequential in

decades, given the daunting agenda that the next 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, and an aging infrastructure system. The choices made will have a profound impact on the outlook in the US and beyond.

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VoxEU: Millions of Europeans can't endure two-month income shock without government policies

Nearly 100 million people in 21 EU countries do not have enough savings for two months of food, utilities, and rent or mortgage writes Catarina...



How useful are government policies to protect the most vulnerable?

The economic downturn stemming from the Covid-19 shock forced many individuals to stop working or to substantially reduce their working hours.

Many households are witnessing substantial decreases in their earnings that may last for a long time. In the UK and the US, most people surveyed saw their income reduced, with the self-employed particularly affected (more than 70% experienced a decrease). Moreover, individuals expect such reductions will be sustained for the near future (Adams-Prassi et al. 2020).

Even as strict containment policies are loosened, the economic consequences of Covid-19 will endure and be exacerbated in the absence of a bold, continuous macroeconomic stimulus (Cerra et al. 2020). An array of policies has been enacted throughout the EU in an attempt to 'get ahead

of the curve' and minimise negative economic effects (Baldwin and di Mauro 2020).

But how useful are these policies to protect the most vulnerable?

A key quote from the article:

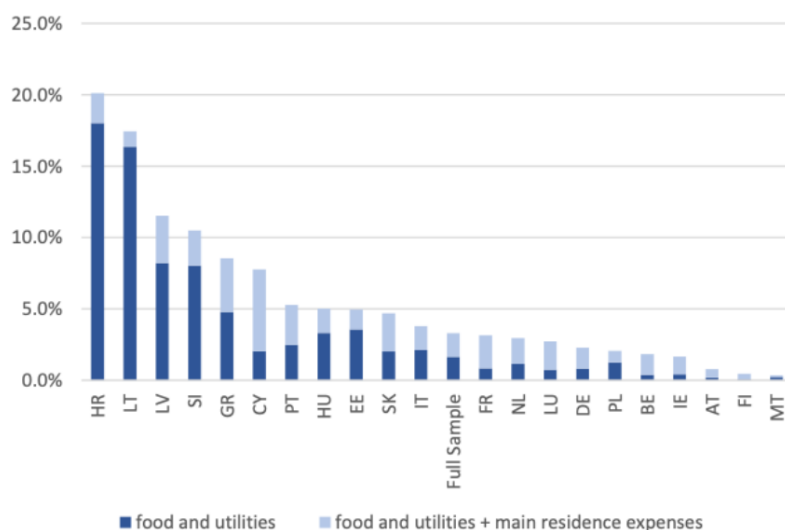
We consider the burden of rents and mortgages on the main residence for individuals without other residential properties.

After two months without privately earned income, 57.5 million individuals would not be able to pay for food, utilities, and housing expenses; 41.1 million individuals are already in this situation after one month without income. If 50% of the gross privately earned income is guaranteed, the numbers decrease considerably: 8.4 million people cannot meet one month of basic expenses; 11.3 million for a period of two months. Both rent and mortgage expenses substantially increase the number of vulnerable individuals, but tenants are more vulnerable than mortgage holders.

When we considered only utilities and food, we found that 5.5 million individuals could not afford two months of expenses with 50% of their privately earned income. Once we add rents on main residences, the number of vulnerable individuals reaches 9.8 million. These 4.3 million individuals aided by rent suspension are substantially greater in number than the 220,000 landlords unable to cover their expenses for two months without rental income and with a 50% reduction of their remaining sources of income.

Figure 2 - Percentage of individuals who can't cover for two months of food and utilities with and without main residence expenses

Figure 2 Percentage of individuals who cannot cover for two months of food and utilities with and without main residence expenses (rent or mortgage)



Note: Based on bank deposits, pensions, public transfers, and 50% of their gross privately earned income. Only individuals living in households with bank accounts were considered. See Midões (2020) for methodological details.

Source: Midões (2020). *Note:* Based on bank deposits, pensions, public transfers, and 50% of their gross privately earned income. Only individuals living in households with bank accounts were considered.

[The full original article first appeared on VoxEU here on 25 May, 2020](#)

VoxEU: The role of global supply chains in the COVID-19 pandemic and beyond

Re-nationalisation of global supply chains is unlikely to help insulate economies from future pandemic-driven lockdowns, writes Barthélémy...



Source: Shutterstock

Global supply chains are a key feature of the world economy but as most countries experienced lockdowns following the Covid-19 pandemic, there are key concerns about both the present and the future of global supply chains. Currently, global supply chains are widely believed to transmit the crisis across countries (Baldwin and Freeman 2020).

In the future there may be some re-nationalisation of the supply chains (Javorcik 2020). After Covid-19, protectionist and nationalist policies could give further impetus to this retrenchment of supply chains (Baldwin and Evenett 2020). A recent paper (Bonadio et al. 2020) addresses two key questions by performing a quantitative assessment of the role of global supply chains in the pandemic:

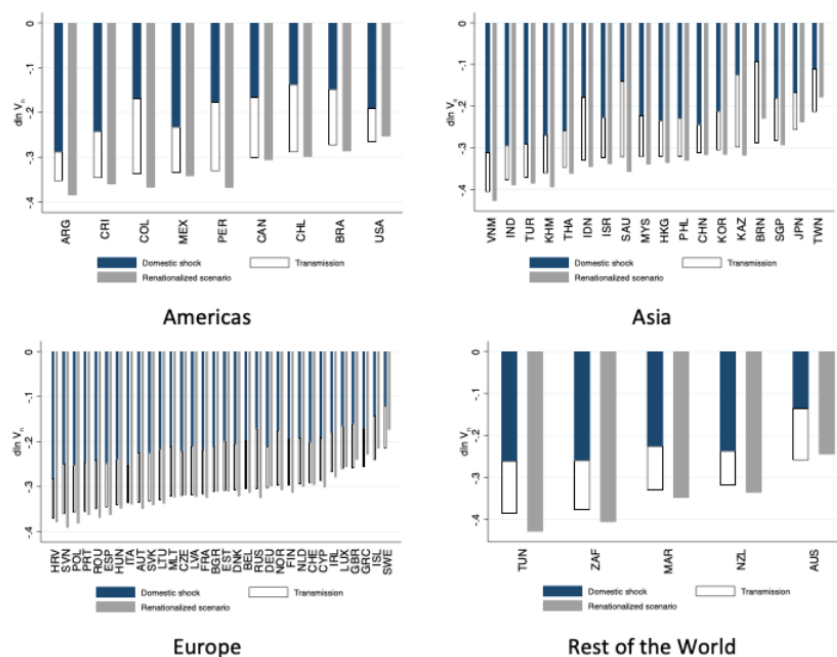
- First, how much did foreign lockdowns contribute to coronavirus-related GDP contractions?
- Second, would renationalising global supply chains insulate countries from future epidemic-related contractions in labour supply?

A key quote from the article:

"Naturally, renationalisation of global supply chains would change the relative size of domestic sectors, as input users shift from foreign to domestic intermediates. The answer is that by and large, severing global supply chains will not make countries more resilient to pandemic-style labour supply shocks. The grey bars in Figure 1 plot counterfactual declines in GDP for the same shock in a world where supply chains are domestic. It turns out that on average in our 64 countries, the downturn would actually be slightly worse with renationalised supply chains (-32.3% on average) than under current levels of trade. The intuition for this finding is simple: eliminating reliance on foreign inputs increases the reliance on domestic inputs. Since any national pandemic-related lockdown also affects domestic sectors, there is generally no resilience benefit from renationalising the international supply chains."

Figure 1 - GDP responses to the pandemic-related labor supply shock

Figure 1 GDP responses to the pandemic-related labour supply shock



Source: Bonadio et al (2020)

The full original article first appeared on VoxEU [here](#) on 25 May 2020.

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