

COVID-19 Recession: Economic Policy Responses and Innovation for Future Prosperity

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May 22, 2020

About ITIF

- The world's leading science and technology policy think tank.
- Supports policies driving global, innovation-based economic growth.
- Focuses on a host of issues at the intersection of technology innovation and public policy across several sectors:
 - Innovation and competitiveness
 - IT and data
 - Telecommunications
 - Trade and globalization
 - Clean energy, manufacturing, life sciences, and ag biotech



General Thoughts on Pandemic Economic Response

- The pandemic has neutralized productive enterprise; it's a supply shock.
- The primary objective of governments' policy response must be to help businesses survive COVID-19, thus breaking the link between disruption of supply and collapse in demand. Help SMEs especially.
- Focus interventions initially on greatest leverage points to restore confidence and productive capacity: especially assisting employers/ees with "Kurzarbeit," COVID testing, contact tracing, safety equipment, etc.
- Then focus on using crisis as transformational socioeconomic opportunity.

Sources: *Wall Street Journal*, "[The Coronavirus Is Spreading, but German Factories Keep Running](#)"

Forbes, "[Economic Recovery From COVID-19 And Geopolitical Ramifications](#)"

Council on Foreign Relations, "[Coronavirus: How Are Countries Responding to the Economic Crisis?](#)"

Digital Policy for Physical Distancing in Pandemic Crisis

- Policymakers must sweep away regulations that limit remote, automated digital functions in a wide array of industries.
- Support foundational technology platforms: 5G, universal broadband, electronic IDs, EHRs, AI, mobile payments, etc.
- Drive digital transformation for remote activity in key sectors: education, government, healthcare, manufacturing, and transportation.

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Digital Policy for Physical Distancing: 28 Stimulus Proposals That Will Pay Long-Term Dividends

ROBERT D. ATKINSON, DOUG BRAKE, DANIEL CASTRO
AND STEPHEN EZELL | APRIL 2020

The COVID-19 pandemic has revealed gaps in society's digital readiness for social distancing. If policymakers seize the opportunity to address these gaps, they can make it easier to manage the next pandemic while providing significant long-term social and economic benefits.

KEY TAKEAWAYS

- The continuing progress of digital technology makes social distancing mandates more feasible and less costly. But there are still major gaps that policymakers should address to make the process even easier.
- To maximize society's digital readiness, policymakers need to sweep away the regulatory underbrush that limits remote and automated digital functions in a wide array of industries, from health and retail to education and transportation.
- Governments should support the development of foundational digital platforms, including universal broadband, 5G, digital IDs, electronic health records, big data systems, and mobile payments.
- Governments should increase funding to spur development and adoption of key technologies to enable more efficient and flexible production, including robotics, autonomous vehicles, 3D printing, AI, blockchain, IOT, and facial recognition.
- Governments should support digital transformation for remote activity in key sectors, including education, government, healthcare, transportation, retail, and manufacturing.
- Congress and the administration should ensure a fourth stimulus package includes a major push to increase digital resiliency to better prepare for future pandemics.

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Source: ITIF, "Digital Policy for Physical Distancing: 28 Stimulus Policy Proposals That Will Pay Long-Term Dividends"
<https://itif.org/sites/default/files/2020-digital-policy-physical-distancing-proposals.pdf>

Remove Barriers to Digital Transformation

- New York legislators proposed banning self-driving cars for 50 years.
- San Francisco banned sidewalk delivery robots in 2017.
- Push back against resistance to self-service options like grocery self-checkouts, cashless stores, etc.
- Governments should ensure they have the technology systems and organizational procedures in place to enable widespread telework.



Source: ITIF, “Digital Policy for Physical Distancing: 28 Stimulus Policy Proposals That Will Pay Long-Term Dividends”

Spurring Digitalization of European Economies

- Digitalization has contributed twice as much to U.S. economic growth last 20 years.
- Recognize that ICTs' greatest economic impact is use, not production.
- Focus on unique areas of European strength: integrating engineering and IT systems; leveraging PPP strengths & deploy digital platforms.
- Concentrate on raising productivity and digital use by SMEs.
- Significantly increase investments in digital skills/digital literacy.

Source: ITIF, "Promoting European Growth, Productivity, and Competitiveness By Taking Advantage of the Next Digital Technology Wave"
<http://www2.itif.org/2019-europe-digital-age-a4.pdf>



Join The Global Trade and Innovation Policy Alliance (GTIPA)



The Global Trade and Innovation Policy Alliance (GTIPA)

36 GTIPA members from 26 countries.



1. Innovate, innovate, innovate
2. Expand trade and investment
3. Leverage core strengths
4. Eliminate protectionist barriers
5. Spur across-the-board productivity
6. Promote competition
7. Strengthen fundamentals, including IP
8. Set national strategies
9. Focus on creating the conditions for job growth, not on job growth per se
10. Align global economic policy



GTIPA Coronavirus Resources for Policymakers

<https://gtipa.org/publications/2020/04/15/coronavirus-resources-policymakers>

Coronavirus Resources for Policymakers

May 13, 2020



Summary

GTIPA Members have issued numerous reports and articles to help policymakers address the coronavirus update.

Austrian Economics Center

- [COVID-19 and The Future of Central Banking](#)
- [Coronabonds: Eurobonds Redux in Times of COVID-19](#)
- [Europe After the Coronavirus: A Road Map for Economic Recovery](#)
- [The Pandemic Will Make the EU's Problems Worse](#)

Bay Area Council Economic Institute

- [COVID-19 and the Economic Vulnerabilities in the Bay Area](#)
- [Technology, trade, and the coronavirus: How global supply chains are set to change](#)

The Bertelsmann Foundation (North America)

- [Privacy and Pandemics](#)
- [COVID-19's Future of Work Wrecking Ball](#)

The Center for Social and Economic Research

- [COVID 19 and the Economy — Micro and Macro Perspectives](#)

Competere

- [Free Market Road Show: COVID-19 Webinar Series](#)
- [Non Esiste Italia Senza Mediterraneo](#)

DigitalES

- [Reyes Maroto, sobre la transformación digital de la industria: “antes era necesario, ahora es urgente”](#)

Free Market Foundation

- [COVID-19 Hub](#)
- [COVID-19 highlights the critical need for more spectrum to lower cost of data](#)
- [Covid-19 is no excuse for spendthrift policies](#)

GTIPA Comparative National Innovation Policies Assessment

<http://www2.itif.org/2019-national-innovation-policies.pdf>

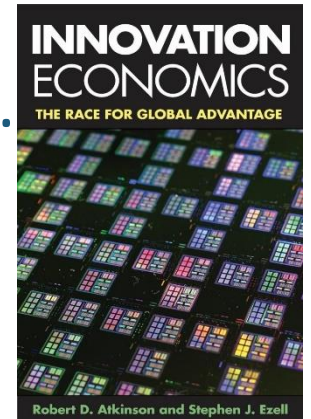


Source: Global Trade and Innovation Policy Alliance, “National Innovation Policies: What Countries Do Best and How They Can Improve”

Strongest Aspects of Countries' Innovation Policies

1. Creating national innovation foundations and strategies.
2. Turning their universities into engines of innovation.
3. Using innovative financing instruments: E.g., innovation vouchers.
4. Enacting innovative tax policies: Collaborative R&D credits/patent boxes.
5. Launching “Industry 4.0” manufacturing digitalization strategies.
6. Removing inhibiting regulations, using regulatory sandboxes.

Sources: Global Trade and Innovation Policy Alliance, “National Innovation Policies: What Countries Do Best and How They Can Improve”
Robert Atkinson and Stephen Ezell, “Innovation Economics: The Race for Global Advantage,” Yale University Press



Collaboration, Open Trade, and Innovation to Fight COVID

1. Abolish tariffs on medical supplies and medicines.
2. Reject exports bans on medical supplies.
3. Reduce customs red tape.
4. Enable the free flow of relevant health data across borders.
5. Maintain transparency to collect/share epidemiological data.
6. Increase cooperation with countries to speed drug approval.
7. Maintain robust intellectual property rights.

Source: GTIPA, "A Joint Declaration on the Importance of Collaboration, Open Trade, and Innovation in Tackling COVID-19"
<http://www2.itif.org/2020-collaboration-open-trade-innovation.pdf>



Collaboration, Open Trade, and Innovation to Fight COVID

- The EU sources one-third of COVID-related imports from outside its borders.
 - Countries should exempt COVID-19 related medicines, vaccines, and medical supplies from import duties/taxes.
 - Consider joining the WTO Pharmaceuticals Agreement/ITA.
 - Don't be one of the 80 countries with COVID export curbs.
- Respect IP rights and avoid issuing compulsory licenses.

Source: GTIPA, "A Joint Declaration on the Importance of Collaboration, Open Trade, and Innovation in Tackling COVID-19"
<http://www2.itif.org/2020-collaboration-open-trade-innovation.pdf>



Thank You

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