

What does the Covid-19 crisis reveal about economics and the economy?

Introduction to this issue

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Covid-19: la economia puesta de manifiesto por la crisis económica
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Just a year after it was announced that a new virus had been discovered in the city of Wuhan, China, the world is no longer the same. The transformations wrought by the pandemic and the collective responses to it (lockdown of populations, drastic cuts in the movement of goods and more widely in economic and social activity) will entail structural effects. However, it is difficult to get a handle on the scope and nature of those effects.

The *Revue de la régulation* posted a call for papers to join in a debate extending beyond the immediate news and to showcase the skills of researchers following the line of heterodox and pluralistic works in economics and the social sciences – skills not often visible in the media spotlight.

The Journal has received some fifty proposals for its Opinions/Debates section. The first to be accepted are coming out now. Others will be published as they come on stream.

This time to think has meant a wide variety of contributions have been collated. The analyses offered are empirical, theoretical and prescriptive. True to the Journal's editorial line, they view the Covid-19 pandemic as a total social fact, whose economic, political and social challenges are all closely interwoven.

Some papers focus on the structural dimensions of a crisis of the regime of accumulation. This crisis is of such scope that it could provide conditions conducive to shifting the regime towards sustainable development objectives (see the article by [Robert Guttman](#)). Several others review the importance of macroeconomic policies. [Sébastien Charles, Thomas Dallery and Jonathan Marie](#) underscore the relevance of post-Keynesian theory for rehabilitating budgetary policy as a key instrument of economic policy. Others provide points of comparison in budgetary and monetary policy in the United States and Europe (see the second delivery below).

In terms of sectors, the Covid-19 pandemic shows, if need were, that health is an exemplary case of the primordial linkages between economics and society. That had already been emphasized in the theme-based dossier on the [political economy of healthcare](#) published by the Journal in spring 2015. The political economy of healthcare presupposes a particular type of sector-based regulation whose institutional forms require collective intervention in contradistinction to the progressive commodification it has been subject to for several decades now. The regulation of the market for the drugs and vaccines so eagerly awaited to beat the pandemic are an edifying case in this respect. [Samira Gennif](#) returns to the attempt by the pharmaceutical company *Gilead* to capture the US regulator at the onset of the worldwide health crisis so as to secure a monopoly for its antiviral treatment, *Remdesivir*, by instrumentalizing the law on orphan drugs.

The Covid-19 pandemic has also had repercussions on the international debt regime on which development policies depend. While a possible one-year moratorium on bilateral debt for 77 of the world's poorest countries made the headlines at G20, World Bank and International Monetary Fund meetings, the initiative remains controversial. It seems so little compared with the scale of the crisis confronting those countries and the uncertainty of the position that the People's Republic of China will take with respect to its claims on the African continent. The paper by [Thierry Pairault](#) is a chance to examine the myths and the facts of African countries' debt to China, the systemic opacity of which invites a more qualitative than quantitative analysis of its consequences in the context of crisis.

The first delivery closes with [Coline Ruwet](#)'s thoughts on how this pandemic invites us to found a new relationship with time which has been largely overshadowed by standard economic theory. Not only do the propagation of coronavirus and the policies implemented lead us to experiment with what in many respects is a novel understanding of time, but in thinking about 'the world after the pandemic' we will not be able to forego an analysis of the challenges of sustainability. The author therefore prompts us to make more allowance for polychrony and for the depth of the temporalities of the living world.

These first five papers, published in 2021, have now been supplemented by two additional deliveries including eight and five new contributions respectively.

Like the first, it begins with several macro-economic analyses concerning the structural dimension of the crisis. [Mikael Byrialsen, Finn Olesen and Mogens Ove Madsen](#) show that the

atypical circumstances of the crisis bolster the argument for a post-Keynesian policy directed at supply. In support of their argument, they set out a post-Keynesian stock-flow consistent (SFC) model to analyse the impact of policies adopted in Denmark. In a similar post-Keynesian vein, [Rudy Bouguelli](#) takes us across the Atlantic to analyse measures taken by the US Federal Reserve in the first phase of the Covid-19 crisis in spring 2020. Unlike the new neoclassical synthesis, it can be seen that although the vigorous action of the Fed in the early weeks may be viewed as a success in terms of the stability of the money markets, that action remains a comparatively blunt instrument for managing economic activity. [Solène Morvant-Roux, Jean-Michel Servet and André Tiran](#) extend these structural considerations: talk of the possible cancellation of the Covid debt is an emblematic case for them of the way policies, in the face of the pandemic, remain reliant on “neoliberal hyperfinancialization”.

[Louis-Alexandre Erb and François Reynaud](#) use early data from national surveys to look into the consequences of the first lockdown for the labour-wage nexus in France. It turns out that although the crisis has given rise to new practices that many wage earners have experienced for the first time, those practices have been far from uniform and have intensified underlying trends pertaining to the division of labour, industrial sectors, relationships of subordination and unequal working relations, especially in terms of gender and social class.

After the fiasco of the launch of football’s European Super League in April 2021, [Jérémy Bastien](#)’s paper on the ways in which the pandemic has hit the professional game in Europe is very timely. The author suggests that although short-term measures have saved clubs, the Covid-19 crisis has also intensified the contradictions specific to the financialization of soccer in Europe.

The analysis by the expert group set up by the Swiss Confederation provides an opportunity to look back on the prevalence of cost-benefit analysis in economics. For [Sylvain Maechler](#), the fact that this organization has not recruited a single heterodox economist has impaired the construction of a relevant response to the challenges associated with radical uncertainty, Frank Knight’s “true uncertainty”. This lack of any heterodox consultant has also hampered the development of a constructive dialogue among scientists from different disciplines.

The second delivery closes with two contributions that enable us to learn lessons from the pandemic about the essential issues of sovereignty. [Katuska King, Pablo Samaniego and César Carranza](#) look at the problems arising from the dollarization of the Ecuadorian economy and present a few concrete measures to attenuate the ensuing rationales of monetary and food dependency. [Adeline Alonso Ugaglia](#) and her colleagues bring us back to France and to food supply chains. They examine in what way and to what extent the lockdown has provided a context conducive to alternative practices. While short local circuits have the wind behind them, they show that their continued existence relies less on demand than on the conditions of supply and a range of institutional factors.

The third and final delivery is online since July 2021, as the evolution of the pandemic and the responses to it become more uncertain eighteen months after its outbreak and more than six months after the first vaccines were given. Three of the five contributions focus on Brazil. At a time when the Brazilian public prosecutor's office is investigating the president for attempted corruption in the purchase of vaccines against covid-19, these articles show, if it were necessary, to what extent the scale of the pandemic in this country and the highly contested posture of the Bolsonaro government make it a textbook case and a tragic human situation. The other contributions take a look at the key industrial policy issues highlighted by the restructuring of the drugs sector and, more generally, how it is difficult to conceive of a way out of the crisis by keeping the framework of mainstream economics intact. A world after Covid-19, likely to be structurally different after having fully drawn the lessons from the crisis, is not on the mainstream analytical agenda, which prevents the working out of disruptive tools for entering such a world. We could refer here to the Tirole-Blanchard Report submitted to the French government at the end of June 2021: the same proposals, based on greater use of markets and incentives, are still being put forward; without allowing the expected results.

[François Roubaud and Mireille Razafindrakoto](#) introduce us to the Brazilian case by analysing the double paradox of President Bolsonaro's populist policies. They first point out to his lax and denialist attitude towards the pandemic. The result is excess mortality that increases the already high socio-economic inequalities in the country. An analysis of these figures and the electoral behaviour shows that the greatest toll is being taken in the constituencies most favourable to the president. Then, they examine the programme of emergency transfers to the poorest categories set up in 2020 by the president's economic team. The paradox is that of a government violently opposed to any form of redistribution and yet at the origin of an interventionism of unprecedented scope. In the words of the authors, Bolsonaro thus both kills and saves lives – an attitude sufficiently antithetical to be worth reflecting on.

[Dalia Maimon Schiray](#) examines the application of World Health Organization (WHO) prevention guidelines and their bias towards the middle classes at the expense of low-income groups. Still, the case of Rio de Janeiro's favelas suggests an unexpected collective capacity to mitigate the negative effects of the pandemic, both in terms of health and income. These results, which are better than those of many other more privileged neighbourhoods in Rio, can be explained by the resources developed by highly empowered communities, even if this will probably not be enough in the longer term. The author thus highlights the importance of differentiating prevention policies by taking into account the socio-economic and geographical characteristics of the populations under consideration.

[Lise Tupiassu, Ana Elizabeth Neirão Reymão and Jean-Raphaël Gros-Désormeaux](#) examine how the Covid-19 pandemic increases the vulnerabilities resulting from the insertion of the Amazon into global production networks. The pandemic shows that the revenues generated by economic activities in the Amazon depend not only on this insertion, but also on the violation of the fundamental rights of indigenous people. The lessons drawn by the authors are therefore clear. In the face of such a health crisis, the development model of the region must be

reconsidered in order to find alternatives to the unsustainable forms of exploitation of nature driven by capitalism and thus allow for the socio-ecological resilience of indigenous people.

Back to France following these insights from the Brazilian case: [Marie Coris, Alain Piveteau, Philippe Gorry and Matthieu Montalban](#) contribute to the debate on the problems resulting from the delocalisation of production networks in the drug industry. The authors focus on the link between health security, industrial policy and territorial embedding to come back to the shortage at the beginning of the pandemic. This appears to be a good example of the fragility of a globalised industry. In order to go beyond the oversimplified opposition between relocation and competitiveness, the authors consider the regional level to be the most suitable for rebuilding a socio-productive compromise in line with the objective of health security.

As suggested in the Review's call for papers, the pandemic crisis has shown more generally the limits of the prevailing paradigms in social and economic sciences. In this respect, it should encourage a critical perspective. [Philippe Batifoulier, Bruno Boidin, Jean-Paul Domin and Amandine Raully](#) present the stress test placed on economic theory by Covid-19 as being closely linked to the crisis in the political representation of health. They examine the complex relationship between mainstream economic theory, health and politics. The normative framework underlying such a research agenda is to view health as essentially external to the economy and to see health expenditure only as a function of agents' opportunistic behaviour. Faced with such an inability to think about the political and societal stakes of health, the authors believe that the world after Covid-19 will only be able to regain a form of viability by removing health from the conventional economic mindset.

Without claiming to present an exhaustive panorama, these contributions do provide interpretations of the many facets of the Covid-19 crisis and the socio-economic substance of the tensions expressed in capitalism. Their diversity reflects the scope of thinking prompted by the pandemic among heterodox and pluralistic researchers in economics and the social sciences. This should come as no surprise: "major crises", in regulationist terminology, are indeed those most likely to bring about major renewals of concepts. Because they no longer provide keys for understanding radical novelty, "habits of thought" (Veblen) inherited from the past are questioned and worked over again so as to provide a grasp of what it is this crisis has brought that is new and in what way it consolidates or amplifies existing dynamics. This dossier aims, within its modest scope, to provide a platform for discussion with new ways of understanding a world full of doubt.

One final point should be clarified concerning the editorial choices made in this issue. As it is an open-ended issue, contributions will be published as they come on stream, in no particular order and with no other form of editorial coherence being imposed from the outside.