



## **Economic Letter April 2020**

## **COVID-19: Saving Lives and Securing Livelihoods**

The World Health Organisation (WHO) has counseled countries around the world to implement four measures to minimise the risk of an explosive increase in cases of Covid-19. The measures are extensive testing, of persons who are judged to be at risk, whether or not they have fever, respiratory ailments or other symptoms; tracking down everyone who might have had contact with those testing positive for Covid-19; quarantining all those who test positive for Covid-19; and social distancing. Dr Tedros Ghebreyesus, the Director General of the WHO, was at pains to stress that all four of these policies must be implemented in order to contain the spread of the virus.

Dr Ghebreyesus has also advised countries to take advantage of the pause that curfews, lockdowns and the stoppage of air travel afforded them, to prepare for a possible surge in Covid-19 cases. Barbados now has an opportunity to acquire test kits, personal protective gear and medical supplies and equipment, to cope with such an eventuality. Also, the country should ramp up our capacity for testing, the availability of quarantine and the creation of additional treatment facilities for the very ill. All medical personnel in the country should be tested as soon as possible, for their own peace of mind, as well as in the national interest. All workers at the port and airport, and those involved in the recent transfer of cruise ship passengers should also be tested, as soon as practical. Anyone with fever or respiratory symptoms should continue to seek medical advice, so they can be referred by a physician for possible testing.

In addition to measures to detect the virus and minimise the loss of life, efforts are underway to support the livelihoods of persons who have been laid off as a result of closures of hotels, restaurants and other businesses. Measures to speed up the payment of unemployment benefits are welcome. Those benefits should continue for the duration of the period of unemployment resulting from the Covid-19 crisis. Grants or other financial support should also be available across the board for taxi operators, hairdressers, owners of gyms and spas, other self-employed persons and workers in the informal sector. It may also be necessary to provide support for profitable larger enterprises, if they would otherwise not be in a position to carry on when economic activity resumes in the country.

The Government should issue special Covid-19 bonds with a low interest rate and a sufficiently long grace period, to be bought by the Central Bank of Barbados. These bonds should be issued in whatever quantity is needed to fully finance both the medical requirements for containing Covid-19 and the income maintenance support for workers and companies. The US government, the US Federal Reserve and the European Central Bank have provided ample precedent for Central Bank credit in the present crisis, with their credit offers to their Governments of "whatever it takes" to keep their economies afloat.

Our Government also needs to look towards the reawakening of tourist activity as soon as international circumstances permit. Barbados depends on foreign currency inflows from tourism for 67 cents of every dollar spent on food, fuels, and other imports of supplies and equipment. Barbadian livelihoods cannot be sustained beyond a matter of months unless tourism inflows are resumed. In the meanwhile the country will depend for import finance on the Central Bank's foreign reserves, expected loan proceeds from the

Caribbean Development Bank and the Interamerican Development Bank, plus new emergency loans which the IMF has offered to its members.

How soon airlines resume flying to the Caribbean is not within the purview of the Government of Barbados. However, it is advisable for the Government to join with Caribbean tourist destinations, members of the Caribbean Tourism Organisation, the Caribbean Hotel and Tourism Association and major airlines, to begin to strategise about the circumstances and conditions under which tourist traffic might resume. In that way the country will be able to put measures in place to ensure that we are among the first countries in the region to be offered a resumption of airline connections.

Finally, the Covid-19 emergency has implications for the organisation and management of health care in Barbados. Future visitors to Barbados may be expected to demand a quality of health services on par with what is available in their home countries. Our health care system, like our public services in general, is in need of a complete makeover, including more highly skilled management, and modern facilities and organisation. For this task Government should engage the services of the world's foremost international consultants, and solicit the help of the Chinese, whose extraordinary capabilities in the design and supply of health care facilities are on full display in the ongoing global crisis.





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