The COVID-19 pandemic has brought about new medium- and long-term challenges in Germany that will need to be addressed by economic and social policy. It has also exposed existing problems where action is needed now more than ever. In the statement "Economic consequences of the COVID-19 pandemic – Analysis and possible courses of action", the German National Academy of Sciences Leopoldina analyses the current economic and social policy situation in Germany and suggests what measures could be taken to meet the challenges posed by the structural change facing the country.

The scientists recommend courses of action in four areas: structural change and prerequisites for sustainable economic growth; inequality and distribution; capacity of government organisations at national and international level; and sustainability of public finances.

The statement discusses new challenges, but also those that pre-date the COVID-19 pandemic and have been exacerbated by it. Based on an analysis of the situation as it stands, the statement points out possible courses of action for policy-makers in four areas. Despite precise empirical data currently not being available in all the areas to support the development of economic policy options, it is possible to work out potential for improvement in government action today. It is also possible to devise steps to support an economic recovery process in line with environmental and social sustainability considerations. "Eventually, the pandemic may generate opportunities for the modernisation of public administrations," says Prof. Regina T. Riphahn Ph.D., speaker of the working group and Vice President of the Leopoldina.

The first aspect of economic policy addressed in the statement are ways to overcome the medium- and long-term impact of the pandemic on the economy. This can be achieved through framework conditions and targeted measures to expedite economic structural change and strengthen the economy’s future growth potential. "Digitalisation and expedited structural change should be viewed as essential factors in improving productivity levels throughout the economy rather than as some kind of threat to be feared," explains Prof. Dr. Christoph M. Schmidt, speaker of the working group, President of RWI – Leibniz Institute for Economic Research (Essen/Germany), and Member of the Leopoldina.

The second aspect addressed by the working group are measures to counteract the complex medium- and long-term consequences of the pandemic on wealth distribution and the persistence of social inequality. These proposals relate to education and professional development, the promotion of gender equality and the structure of the social welfare system. In particular, lost learning due to the pandemic threatens to have a long-term impact. The working group therefore proposes that in the event of future school closures, mandatory online lessons should be provided every day and additional support given to children and adolescents from socially disadvantaged backgrounds.

The third chapter of the statement is dedicated to potential for improvement in connection with government capacity. The working group suggests setting up an independent non-political committee once the worst of the crisis has passed. This committee would be charged with identifying the causes of possible shortcomings in government response to the
crisis at all federal levels all the way through to international level and putting forward reform recommendations. For instance, it would examine to what extent faster data acquisition, administrative improvements, particularly the modernisation of public health services, and mandatory learning assessments in the education sector would result in better crisis outcomes.

Finally, the working group proposes a fourth aspect of economic policy to be addressed after the pandemic namely how to guarantee and strengthen the sustainability of public finances at national and European level, so that in the event of another major crisis, the necessary support can again be provided to avoid the worst effects. The working group recommends considering reforms to national and European debt regulations and public investment activity. In both cases, these economic policy decisions should be subject to strict monitoring and critical evaluation. Suitable measures must also be introduced to ensure local authorities are in a position to take action.


The Leopoldina has also published a list of the experts who contributed to the statement. The list can be accessed here: https://www.leopoldina.org/corona-wirtschaft-experten.

About the German National Academy of Sciences Leopoldina:
As the German National Academy of Sciences, the Leopoldina provides independent science-based policy advice on matters relevant to society. To this end, the Academy develops interdisciplinary statements based on scientific findings. In these publications, options for action are outlined; making decisions, however, is the responsibility of democratically legitimized politicians. The experts who prepare the statements work in a voluntary and unbiased manner. The Leopoldina represents the German scientific community in the international academy dialogue. This includes advising the annual summits of Heads of State and Government of the G7 and G20 countries. With 1,600 members from more than 30 countries, the Leopoldina combines expertise from almost all research areas. Founded in 1652, it was appointed the National Academy of Sciences of Germany in 2008. The Leopoldina is committed to the common good.