Political and Economic Responses to Covid-19: An Analysis of Jordan, France, Brazil, and Mexico

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The primary goal of this Policy Memo is to provide a brief summary of the different government responses to the Covid-19 Crisis originated by the Novel Coronavirus in Wuhan, China. This paper will first analyze the economic responses of all four countries of interest, which are Jordan, France, Brazil, and Mexico. Then it will compare and contrast the effectiveness of the different policies enacted by their respective governments.

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SECTION I - JORDAN
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The Hashemite Kingdom of Jordan has a population of 9.9 million people, with many residing in densely packed urban settings. The nation’s economy is centered around the capital Amman, Jordan, and the combination of a rapidly growing population of refugees, tight living quarters, and high levels of day-to-day human interaction make this city more prone to systemic catastrophe in the wake of a global crisis. Jordan’s GDP per capita grew 0.529% in 2019, and has continued on an upwards trend since the 1990’s. The country scores a 42.1 on the Global Health Index scale, which represents its preparedness for a global health crisis.

When the first case of COVID-19 was reported in Jordan, the government swiftly placed the entire country on lockdown.[1] The government’s highly “coercive capacity” was effective in preventing a complete economic and societal downturn, yet residents were subject to restrictions far more severe than those in surrounding countries.[2] Jordanian officials promptly closed all schools and borders and imposed a country-wide curfew when there were less than 100 cases registered.[3]

These “containment and closure” policies were lessened when cases slowed in April, but another wave of COVID-19 created a second round of lockdowns. Limitations were monitored by the military, and residents were fined JD100-500 ($140-700) for breaking these rules. In addition to that, the government heavily advertised the cases of arrest and fines to its residents. [4]

Jordan residents were able to leave their homes during specified hours to obtain food or medicine only, and these mandates remained enforced until the number of cases had dropped to nearly 0. Also, the International Monetary Fund granted Jordan $1.3 billion prior to the outbreak to account for unexpected shocks in 2020. [5] This amount was increased in March and was later supplemented with an additional IMF grant of $396 million worth of emergency assistance through the IMF Rapid Financing Instrument (RFI).[6]

To mitigate the shocks felt by the most vulnerable populations, the World Bank recently approved a $100 million package to be used for job creation and enhancement for Jordanians and the 1 million refugees residing in the country. [7] This human capital gain will likely aid

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refugees in moving from the insecurities of the informal employment sector to the formalized labor market and will also likely add around 0.4 percent to GDP growth for Jordan. [8]

Additionally, weak domestic demand amplified the impacts of the already insufficient economic growth in the country, leading up to the outbreak of COVID-19. [9] As a result of this, unemployment rates had increased to 19.1% in 2019, and are not anticipated to have decreased in 2020. [10] Despite Jordan’s quick reactions to the pandemic, government revenue decreased by 610 million Jordanian dinars ($860 million), leading to a rise in the deficit. [11] Also, Jordan imports approximately 90% of its food and energy goods, rendering the country susceptible to the global policy implementations (or lack thereof) in the wake of COVID-19. [12]

Withal, because Jordanian officials knew that the outbreak of the coronavirus would spread rapidly and be detrimental for the state’s economy and their already weak health sector, they compensated for their lack of infrastructure by imposing some of the strictest responses to the pandemic that the world has seen. [13] Although the number of cases and total deaths remain low, Jordan’s reliance upon international markets and a domestic sector living and working within close proximity of others will make long-term economic growth much more challenging. Because Jordan has received a large amount of foreign aid, cash transfers are more feasible than they may be for other countries. The Jordanian government should allocate a small percentage of this aid to be given to the populations that are in poverty (using Jordanian metrics), with specific emphasis on treating the poorest refugees, despite their documentation. If conditional, the funds should be distributed for the purpose of obtaining basic resources (i.e. food, water, monthly bills). This will provide short-term relief for the most vulnerable people residing in Jordan and will also likely boost local economies and increase overall well-being.

SECTION II - FRANCE
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While the whole world has been affected by the novel coronavirus, we take a particular look at its impact on France and the subsequent response from the French government. In order to fully understand this compacted summary, we have to first place France in context. It is a country in the EU and part of the OECD consortium, meaning it is an economically advanced nation (6th highest GDP). The French healthcare system is universal and very performant. In fact, their Global Health Index ranks them among the highest in the world in terms of preparedness (11th). [14] The French economy
is mostly stagnant with low growth rates, and unemployment was around 8% before Covid-19.

Despite its very enviable GHI score, France took an early beating in confirmed cases and daily deaths. They were part of the infamous triad (Italy-France-Spain) — albeit their situation being less precarious. On the economic front, there will be an expected recession in France, like in much of the developed world. Per figure 2, there is a forecasted GDP contraction of 8.6% and a state deficit of 9.4 as a percentage of GDP. Moreover, according to the IMF, the French economy contracted by 5.8 percent in Q1-2020 compared to the previous quarter. The Government has initiated an economic recovery plan after the pandemic is contained.

The French government, after an initially botched response (see figure 1) and an interesting controversy over hydroxychloroquine, made extensive efforts to address “the new reality.” Facing this situation, the Parliament approved an Emergency Law back in March 23rd, 2020. It gave the French government plenary powers to take emergency measures and, put out a list of fiscal policy reforms and economic relief plans for households and for businesses. As early as late March, the government and the regional authorities have set up a solidarity fund to help small businesses most affected by the crisis.

Eligible firms would receive 1,500 euros with an additional $2,000 in certain cases. The government also announced the postponement of the main tax deadlines for businesses and for individuals who will now be able to personalize their monthly payments. Likewise, the Government increased funding for part-time workers to fill-in their salaries.

There were also efforts to give more direct technical support to businesses. For example, Very Small Enterprises (VSEs) facing economic hardship could postpone the payment of utility bills (water, gas, electricity) and rental payments and some were allowed to take out government-backed loans. Additionally, business cash-flow measures of about €300bns were rolled out to support corporate financing. The goal of the French government was to provide a vast range of economic relief programs to firms and in turn, subject those firms to more stringent regulations. This follows a long trend of the French government aiding companies and taking shares of those companies for public ownership.

They were able to impose stricter safety and worker protection measures (updated regularly).

The Monetary policy is handled by the EU central bank and despite the significant weight of France in that institution, President Emmanuel Macron continues to struggle to push his European
reform agenda. However, Madame Lagarde promised “a set of monetary policy and banking supervision measures to mitigate the impact of Covid-19” for the entire EURO zone. [21] Just-in a few days ago, the 27 European countries decided in historic fashion to adopt a collective for the post-covid economic recovery amounting to €750bn [22].

Given the pre-covid realities, the indicators pointed towards a more robust and resilient French system. The impact of the pandemic put the health care system at risk of being overwhelmed with regional clusters in the northeast. However, after several weeks of shocks, France has managed to control the outbreak and be able to reopen the country. The economic impact of Covid-19 is yet to be fully internalized. Nonetheless, the immediate response from Edouard Phillippe’s government has provided a bulwark against the economic fallout of this pandemic.

SECTION III - BRAZIL

Author: Octavio E. Lima

Despite being the second-most affected country by the Novel Coronavirus, Brazil remains one of the few which has not implemented a contact-tracing approach at a national scale [23]. In addition to that, the country’s right-wing president Jair Bolsonaro refuses to acknowledge the gravity of the situation while disregarding the urgency demanded by the crisis. Mr. Bolsonaro tested positive for the virus on July 7, 2020 [24], along with dozens of thousands of Brazilians on that same day. An avid supporter of Hydroxychloroquine – which reportedly has been proven not only inefficient but possibly harmful [25] —, Mr. Bolsonaro claims the “miraculous” drug will help him recover.

This highlights some of the many challenges associated with bad, irresponsible public policy at the federal level. While Brazil has managed to flatten the Covid-19 daily-death curve, those numbers have remained relatively high when compared to other heavily hit countries — both in absolute and relative terms. As of July 9th, the three-day average daily deaths (per million) in the country was 4.86; compared to 2.38 in the U.S., 2.05 in Sweden, and 1.46 in the U.K. [26]. Furthermore, according to The Economist [27], only 34% of Brazilians approved of their government response to the Pandemic — the lowest mark recorded by the British organization.

Lack of reliable data is another challenge related to the crisis in underdeveloped and developing countries like Brazil. A significant number of Covid-related deaths generally go unreported, with many of them hiding as common respiratory diseases such as Pneumonia or Asthma. With that in mind, the true impact of SARS-
CoV-2 in the country is yet — if at all — to be revealed. Needless to say, the Brazilian Federal Government should encourage States to implement contact tracing as soon as possible, as well as improve their testing capacities. In the Age of Data, governments should do their best to increase the amount of information available.

Moreover, when it comes to the Brazilian economy, the future is uncertain. Nonetheless, as of June 2020, research done by the OECD predicts that its projected change in GDP is likely to fall between -7.4 and -9.1% (which is similar to the average of all OECD countries). [28] On a related note, the people that are most likely to be affected by these new circumstances are the informal workers; who make up staggering 41.3% of the workforce in Brazil [29]. That is the case especially because many of them do not have access to a bank account or physical address, which means they are unable to cash any sort of governmental aid.

Finally, there is positive news for the Latin-American country. In the “global race” for a vaccine, Oxford University’s ChAdOx1-nCoV-19 is in the front. Its vaccine trials are in Phase II/III and are currently being tested on volunteers from Sao Paulo, Rio de Janeiro, and the country’s northeast region. [30] The trials officially began on Saturday, June 20th, and will enroll 5,000 volunteers according to the official website. [31] Moreover, should Oxford succeed in their Phase II/III trials, the Federal Government in Brazil has agreed to produce up to 100 million doses of the vaccine to its citizens [32] — which corresponds to roughly 48% of the total population. That being said, while the future of the country remains uncertain, Brazil’s best strategy is to implement contact-tracing as soon as possible, and significantly increase testing.

SECTION IV - MEXICO

Author: America Rios

The Mexican President Andrés Manuel López Obrador was dismissive about the coronavirus outbreak and failed to adopt necessary preparation for the pandemic and instead encouraged Mexicans to go out and socialize. Due to the lack of response from the president, mayors and governors in the Mexican states began to act on their own, cancelling large gatherings and shutting down schools and businesses. After some pressure, the government implemented other travel restrictions, social distancing, school closures, and shutdown of non-essential activities due to Covid-19 at the national level.

The federal government outlines in their economic plan to provide financial support for the agriculture and forestry sectors, provide benefits to young people with disabilities, and pensions for older
Unemployment support consists of insurance to those that have lost their job and is contributing 1,500 pesos ($66.99 USD) to non-salaried workers and partially paying worker’s salaries. Some states have also suspended all tax collection and, with the help of the Inter-American Development Bank, will launch a credit program of 12,000 million American dollars to support small and medium sized enterprises. The plan also outlines support for individuals by delivering a medical kit and food aid to people infected with Covid-19 and the families. In addition, measures were implemented into the Executive Branch consisting of reduction of salaries and cancellation of bonuses to high ranking public officials including the president. The resources will be distributed among the states who will manage these based on their own measures.

Remittances have been an important source supporting many people in Mexico. Even though the United States is seeing an increase in unemployment, Mexican immigrants are oftentimes working essential jobs such as in construction, maintenance, and production industries that allow them to still get a pay and send money back home. Remittances in March 2020 increased by 35.8% from March 2019. Also, the value of the Mexican peso has declined, which makes every dollar sent worth 30.5% more. Families will keep funds coming as long as they can and help the economy of Mexico, though the amount may decrease as the situation worsens in the United States.

Mexico waited too long to respond, and it could suffer a health crisis such as occurred in Italy or New York but with much fewer resources. Mexico has half the hospital beds per capita that the United States and a quarter the number of nurses. After some pressure, the government is promising to spend $150 million on hiring 40,000 medical professionals and procuring additional supplies. The healthcare system is already weak and under an extremely slim public health budget; the healthcare system will be overloaded fast. The most recent data estimates about 356,255 confirmed cases of Covid-19 and more than 35,000 deaths in Mexico (see figure 4). Mexico is not engaged with mass testing or aggressive tracking and isolation of victims and their contacts which will lead to a steep increase in the impacts of Covid-19.

Unfortunately, there have been no signs of improvement economically. Mexico faced a reduction in export demand by the United States, a collapse in beach tourism, and oil prices. Output in the automotive sector, which forms the backbone of the manufacturing industry, has dropped by 99% with plants shutting down operations. The loss from lockdown that shut shops, bars, and restaurants across Mexico was
another impact on the economy. Since nearly 60 percent of the labor force is part of the informal sector, keeping these workers home would have had a frightening damage on the economy. [41] This was the rationale the country first dealt with in order not to shut down the economy earlier. The economy has shrunk at the steepest rate since the 2009 global financial crisis. Economic forecasts expect up to a 7% GDP contraction. [42] This will shift the pattern of Mexico as an emerging economy. AMLO failed to acknowledge the seriousness of Covid-19 from the beginning which could have prevented much of the economic distress that is now being experienced in the country.

SECTION V - SYNTHESIS

At the end of our comparative analysis, we observed varying policies being adopted by our countries of interest. Without any surprise, the economic responses were tailored to the respective country with regards to their unique situation. Understandably, the countries selected have notable differences in features and characteristics. Jordan is a Kingdom with reduced internal capacities. France is an advanced industrialized country with proper healthcare infrastructures. Brazil and Mexico are emerging countries with exacerbated inequalities and a federalist system where State governments enacted most of the Covid-19 responses.

In a quick summary of the different responses, we found that (1) the Mexican government reacted too slowly to prevent the widespread of Covid-19, which led the economy to suffer much more than it would have if they had reacted sooner. (2) The Brazilian government mostly ignored and downplayed the gravity of the Pandemic. (3) The French government suffered the brunt of the disease in terms of health impact but reacted promptly to avoid the economic fallout of the disease. Withal, (4) Jordan quickly decided to lockdown the whole country because they had much more to lose otherwise.

Regarding Mexico, the government was pressured to provide support to individuals and small businesses. This came after AMLO originally ignored the severity of the pandemic. Resources were distributed so that individual States could manage them. Remittances have been supporting families of immigrants working essential jobs in the United States. However, this will likely decrease as the situation continues to worsen in the United States. The government is trying to push resources and funds towards the health sector. But, with an already weak health system, it will be quickly overloaded. Amid the increase in total cases and deaths from Covid-19, we fear the impacts on the economy will be long-lasting.
The realities in Jordan were different. Jordan had the political capacity to have stricter lockdown measures at the beginning of the pandemic as compared to the rest of the countries studied in this memo (see Stringency index). Likewise, the Jordanian economy would have been more susceptible to COVID-19 given the higher percentage of refugees and the concentrated urban population. Also, the heavy reliance on imports and the relatively low health care capacity to handle external shocks gave Jordan more reason to implement strict measures. Jordan’s capability to dodge a high number of COVID-19 cases can likely be partially attributed to the limited democracy in the government system and their ability to obtain a large amount of foreign aid to accommodate the refugee populations.

The economic response in France was much different given the aforementioned resistance of their system. Because of the initially high case load, the French government was one of the earliest to go in lockdown (see policy timeline). However, in most cases, those lockdown measures were either loosely enforced or replete with caveats as in the case of essential workers. The premise of the initial lockdown there was to avoid overwhelming the healthcare capacity while learning how to deal with the new norm. It is in that context that Bruno Le Maire, minister of economy, rolled out successive plans and programs to keep the economy afloat. The lockdown measures ended on May 11\textsuperscript{th} and the economy is slowly picking back up. While the constraints of being a democracy prevented a more rigorous lockdown like in Jordan — the dissatisfaction in the French population attests of this — the French government was able to provide substantial economic relief to businesses and households because of their long-shared history of generous social benefits (aka, \textit{Etat de Providence}).

On a related note, as of March 26th, the House of Representatives in Brazil approved its COVID-19 Stimulus Package. This emergency aid of BRL 600 (roughly USD 120) — while relatively low — was crucial for the country as it has managed to prevent countless families from falling below the poverty line \textsuperscript{44}. Moreover, these grants were distributed monthly in April, May, and June of 2020. In spite of Mr. Bolsonaro’s complete disregard for the Pandemic, this emergency aid will likely benefit him in terms of his approval ratings (which is still significantly low).

Given the available data, we can assume that the stringency level of government responses to COVID-19 had an impact on the number of confirmed cases per 1,000 people in each country (see figure 5 and figure 7). The stringency levels are based on 17 indicators recorded such as
containment and closure regulations, restrictions in movement, income support to citizens, foreign aid received, COVID-19 testing measures, and emergency investments in the healthcare industry. Although this index cannot necessarily determine the effectiveness of government responses, it does illustrate some correlation between these four countries’ government response levels and the number of current coronavirus cases. For example, Jordan and Brazil both implemented <50% income relief to their citizens, France offered >50% relief, and Mexico offered none. These measures are broad and do not tell us the qualifications for receiving aid, such as citizenship status or what percent of the population the aid was available to.

All data available regarding policies implemented at individual country levels are neither all-encompassing nor testament to the depth or effectiveness of their impact. Additionally, estimates of GDP growth for these four countries depict a steep decline in all of their projected GDPs for 2020, but show a complete rebound in GDP growth in 2021 (see figure 8). The GDP growth estimates for 2021 can be compared to the stringency levels in response to the pandemic. For example, Jordan (high stringency level) is expected to see less of a decrease in GDP growth in 2020 than the other countries are (See figure 5 and 8). Given Jordan’s ability to dodge complete disaster despite a mediocre score on the Global Health Index, we can also assume that the GHI is not all-encompassing for predicting a country’s capability to handle a pandemic (see figure 6). There are likely other factors, specific to each country’s political capacity and financial capability (i.e. foreign aid obtained), that influence how equipped they are to handle a pandemic.

Specific policy recommendations differ per country, yet we find that cash-transfers in emergency situations can provide adequate relief in these countries. Conditions of cash-based transfers should vary per each country, as to account for country-specific resource disparities amidst the pandemic. For example, in order to target the poorest and most vulnerable populations in Jordan, citizenship should not be a qualification in Jordan. Cash transfers are shown to stimulate local economies in times of crisis, and the allocation of money to marginalized populations can boost human capital and increase overall well-being. Assuming most countries prioritize economic stability in emergency situations, they should consider the direct connection between their populations’ resource security and the state of the country’s economy.

Although emergency aid programs like cash transfers provide some short-term relief if implemented properly, they do not account for systemic disparities that existed
in each of these countries prior to the pandemic. In Brazil, Mexico, and Jordan especially, an increase in the % of GDP allocated towards the public health industry is crucial from here on out (see figure 9). Increasing investments in the health industry is not as feasible or appealing to countries that have their hands tied financially. Yet, improving the health care industry on local levels is crucial in mitigating the economic shocks of any future disease outbreaks. A shift towards universal healthcare is favorable — albeit financially difficult — for each of these countries. Thus, it would be wise for the World Bank and the International Monetary Fund to give grants to countries that are currently unable to adequately invest in their health sector for the purpose of creating free health care for all.

Finally, each country should create an epidemic response plan tailored to their specific priorities. After the 2003 Severe Acute Respiratory Syndrome (SARS) outbreak in Taiwan, the president created an epidemic plan in order to ensure preparedness if a disease outbreak were to arise again.\[48\] Taiwan has successfully been able to contain the spread of the virus due to their strategic planning.\[49\] These country-specific plans should consider 1) the government’s capability to implement certain stringency levels and 2) supplementing the population with necessary resources in order to mitigate the population’s distress amidst a lockdown.

In conclusion, the available data and measures are changing every day and cannot necessarily predict the future of these countries. The containment of COVID-19 has had, and will continue to have, a direct impact on the future of their economies. Each country is subject to shocks that are specific to their economic and sociopolitical weaknesses prior to COVID-19 and their responses to the outbreak. Because of this, we cannot confidently suggest one country’s policy to another due to their varying context. How much these countries and their economies will be impacted by these shocks is still up in the air, as this crisis is ongoing. Indeed, despite the enormous data collection efforts, the economic consequences of the coronavirus have not yet been fully realized. Until then, we can only extrapolate on what the responses could be to the respective countries.

References

Appendix

Figure 1 - Cumulative Confirmed Cases (France, Spain, Italy)

Figure 2 - Macroeconomics Forecast (France)
Figure 3 - Population’s Approval of Government Response to Covid-19

Middling marks
“How well do you think your country is responding to the coronavirus crisis?”, % responding “very” or “somewhat”
Spring 2020

Sources: Dalia Research; Alliance of Democracies Foundation; Johns Hopkins University CSSE

The Economist

Figure 4 - Mexico (Confirmed Cases) and Deaths
Figure 5 - Government Stringency Index (Brazil, Mexico, Jordan, France)

COVID-19: Government Response Stringency Index
The Government Response Stringency Index is a composite measure based on nine response indicators including school closures, workplace closures, and travel bans, rescaled to a value from 0 to 100 (100 = strictest response).

Note: This index simply records the number and strictness of government policies, and should not be interpreted as ‘scoring’ the appropriateness or effectiveness of a country’s response.
OurWorldInData.org/coronavirus - CC BY

Figure 6 - Global Health Index Score (Brazil, Mexico, Jordan, France)
### Country Comparison

Find countries to compare to Jordan.

<table>
<thead>
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<th>Country</th>
<th>Overall</th>
<th>Prevent</th>
<th>Detect</th>
<th>Respond</th>
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**Figure 7 - Death Per 1,000 people (World Bank)**

![COVID-19 Cases: Confirmed (per 1,000 people) chart](chart)

- Brazil
- France
- Jordan
- Mexico
Figure 8 – Forecasted GDP Growth; Brazil, Jordan, Mexico, Adv. Economies (World Bank)

Figure 9 – % of GDP Invested in the Health Sector; Brazil, France, Jordan, Mexico