

PARADIGM SHIFTS OF POLICY RESPONSES TO COVID-19 IN CANADA AND USA: A CRITICAL REVIEW

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Abstract

Canada and USA are developed nations and both are closely placed geographically. These nations have proposed and implemented policy responses to COVID-19 pandemic and yet they have acted differently. The importance of human face is ensured in both countries but with a difference. One of the reasons for the difference may be due to the nature of economy and economic policies of them. The economy of Canada relies mostly on immigrant population unlike USA. Political compulsions are also different. This study investigates on the paradigm shifts of policy responses of them on COVID -19 pandemics.

Keywords: COVID-19, policy responses, economic policies, policies to individuals and families.

JEL Classifications: E61, H81, I15, I18,

I. INTRODUCTION

The COVID-19 pandemic has devastated globally the public health, social life, economic system, and governance. To contain and eradicate virus infection, different policy measures are required and these measures are varying from time to time as it is a moving target (Paul Anand, 2020). The national governments of not less than 180 have taken policy initiatives on school closings, imposing travel restrictions, making mask wearing a mandatory, restrictions on social gathering and assembly, closure of restaurants, spending and making investments in healthcare measures, offering social welfare benefits, relaxation on repayment of loans schedule, intensifying contact tracing, and economic assistance to people in general (Thomas Hale et al.2021). Social scientists are keen to investigate the impact of social distancing, close door living, learning to accept changes on food choices and habit, absence of social and cultural evenings on the community and social life pattern in general and age groups in particular. Environmentalists examine the impact of these policy measures on environmental and climate changes. Political analysts search for regional impacts and the variations on comparison. Constitutional law experts search for evidence of dilution of federalism, emerging emergence measures in the unitary constitution structure, less articulating arty politics, and public opinion. It is found that there is a varying degree of federalism in accordance with the governance and health system in France, Belgium and Canada (Zachary Desson et al., 2020).Economists are struggling to exercise economic models during the COVID -19 pandemic. Management experts find work at home as a management practice which has no supervision and leadership control as a result of COVID -19 pandemic. Strange fusion of fiscal policy and monetary policy measures in the financial control of economy in COVID-19 pandemic. There is cultural miscarriage on the increased death which has evaded the funeral ceremonial practice during this pandemic. The emotional loss of human values is not seen daily in the globe earlier to COVID-19 pandemic.

II. CHALLENGES AND POLICY MEASURES

International Monetary Fund has taken initiatives to suggest economic policy measures in two phases of which one state deals with the policies to contain COVID-19 and in the second phase for economic recovery. In the first phase, the economic policies aim to save human lives from COVID-19 infections. France took immediate measures on supply of medical items including masks etc. while USA increased the production of

medical equipments and medicines through Defence Production Act, and India resorted to Disastrous Management measures for managing the control of COVID-19 cases, in the second phase, the policy considerations pertain to the impact of lockdown measures. The first priority is to restore the confidence of people by guaranteeing the functioning of essential sectors. Other economic measures including moratorium of repayment of loans including education loans, cash transfers, subsidies for sustaining employment, and other liquidity and solvency measures (Sonal Patel, 2020).

No growth in economy is neither bliss nor a curse. The growth indicates development and the absence of development means no growth. It is not true in economics. Sweden and Canada are highly developed economics and there are well established banking system and finance sector. These nations do not achieve high economic growth but low growth or no growth (Mikeal Malmaeus, 2012). The arguments and findings which are based on the growth model of GDP, Inflation, monetary debt, interest loans, bank loans etc are not sound and the results of this study are inaccurate.

III. USA

The change of human nature after lockdown has altered the pattern of covid-19, The Supreme Court of India passed order on 25 June 2020 that the CBSE and ICSE exams stand cancelled as the mass movement for examination of CBSE and ICSE the Covid-19 would affect younger students. The three -judge bench of Justices AM Khanwilkar, Dinesh Maheshwari, and Sanjiv Khanna decided that the results should be announced pending t examinations in July 2020 on the basis of procedure proposed before Supreme Court to avoid exposing children to Covid-19 (NDTV, 2020). In Texas, there are 130,000 Corona cases with 3000 deaths; Florida has 114,000 cases with 3,326 deaths; Arizona suffer from 60,207 cases with 1,427 deaths; and California has maximum cases among these States of 195,800 with 5,728 deaths (New York Times, 2020).

In order to meet the challenges of Covid-19 the four relief legislations were enacted in June 2020 as given below:

- Payback Protection Program and Health Care Enhancement Act, was enacted on April 24, 2020;
- Coronavirus Aid, Relief, and Economic Security (CARES) Act, passed on March 27, 2020;
- Coronavirus Preparedness and Response Supplemental (CPRS) , passed on March 5, 2020 ; and
- Families First Coronavirus Response Act (FFCRA), passed on March 18, 2020.

According to Appropriations for Covid-19 are \$ 2,574 billion and 26 % of them are earmarked to Paycheck Protection Program (Small Business Administration) which amount to \$ 670 billion. The top priority is accorded to it to rebuild the economy. To sustain Economic Stabilization and Assistance to Distressed Sectors, the next largest allocation fund of 19 % of them are \$ 500 billion and 15 % of them are given to Unemployment Insurance \$ 375 billion. These three allotments account to 60 % of the Total Appropriations (GAO, 2020). It is one of the efforts of Federal Response and Recovery Efforts to provide opportunities to economic integration due to the consequences of Covid-19.

IV. CANADA

Canada has taken the COVID-19 a serious issue unlike USA. Canada realises the challenge of cash flow in most companies and hence, the interest rate is reduced quickly by the Bank of Canada. Immediate assurance is pursued on the continuity of food banks and mental health services. It is important to ensure survival of the companies so that business failures and layoffs are avoided. There must be alternative methods of running business without person to person contact. The government has to evolve policies accordingly. There shall be strategies to understand and appreciate consumer behaviour without the loss of production and transportation. There must be policies to protect businesses from long term effect of COVID-19 pandemic (Smith, 2020).

V. POLICY RESPONSES

USA has initiated six approaches to achieve economic integration to remove financial impediments on account of Covid-19 pandemic. Most of them are as mentioned below:

- Public health;
- Assistance to people;
- Industry and economic support;
- Assistance to states, localities, and tribes;
- Federal contracting; and
- International response' (GAO-20-625, 2020).

In order to achieve the economic integration, GAO has recommended several strategies which include defining goals with responsibilities, achieving effective communication with all stakeholders, evolving decision making supported by reliable data, and implementing them with accountability and transparency (GAO, 2020). It is a challenge to draw balance between priorities to pandemic challenges and financial stability in the economy.

Central banks employed reduction of interest rates and other measures to boost liquidity of finance over \$ 6 billion. Improved financial condition has revived the stock markets to the pre-Covid era of January 2020 but there is a disconnect between financial markets and economic prospects. Sometimes, the stock market has its own finance behaviour. There is no denial of impact of Covid-19 in the world economy and it cannot be presumed that it is the end of financial impediment.

In addition to other policy response, Canada has seven policy measures for individuals and families. The minimum benefit of Canada \$ 500 per week is offered to them and it is taxable. In case of not employed or self-employed workers, every week Can\$ 500 will be given for 36 weeks. It is taxable. There is the payment of Can \$ 500 per week for four weeks under the scheme of Canada Recovery Sickness Benefit (CRSB). It is taxable. Under the scheme of Canada Recovery Caregiving Benefit (CRSB) there will be a payment of Can \$ 500 per week for 38 weeks. There is a quarterly payment up to Can\$ 1200 to families under the Canada Child Benefit Young Child Supplement (CCBYCS) to the family in which the children are below six years. There is a scheme of Mortgage payment deferral for the benefit of borrower. There are thirteen provinces and each province has separate policy responses to the COVID -19 pandemic.

Canada has waived interest on loans to student and apprentices.

With reference to small businesses, it provides wages to 75 % of employees to avoid layoffs and to rehire them. This facility is extended up to 5 June 2021. Canada has agreed to reduce the working hours during the pandemic for the employees affected by COVID-19 for the payment of insurance up to 76 weeks. It extends interest free loan up to Can\$ 60000, and additional Can\$ 20000 loan of which 50% will be waived off if repayment is made by December 2022, under the Canada Emergency Business Account (CEBA). . There is a scheme of 25% lockdown subsidy on rent known as Lockdown subsidy. There is a benefit of low-interest loans ranging from Can\$ 25000 to 1 million for sustaining operational cash flow needs through Highly Affected sectors Credit Availability program (HASCAP).. In order to continue the exports, there is a guarantee for 80 % of new operating credit and cash loans up to Can\$ 6.25 million by Export Development Canada (EDC). Canada has another scheme of large Employer Emergency Financing Facility (LEEFF).

VI. CONCLUSION

The policy responses of Canada and USA follow normal practice of protecting people from COVID-19 pandemic but not without loss of human resources. The policy responses of Canada are more on social welfares as there is social security system unlike USA. The pure capitalism is reoriented in policy responses of USA. The economic policies and government priorities shape policy response in COVID-19 pandemic. The policy responses must be shaped in accordance with needs and necessity with appropriate paradigm shifts.

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