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Coronomics, Financial Support for the Economy and its Zombie-ing (In the Context of the Fifth Factor of Production)

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ABSTRACT

The paper examines the impact of the COVID-19 pandemic on the economy and the corresponding atypical economic crisis, the role of the economic ability of the government during this crisis, aspects of financial support for the economy and the peculiarities of the zombie economy. The **aim** of the study is to research the actions of the economic ability of the government as an independent factor of production in the context of the COVID-19 pandemic, contributing to the unfolding of the process of zombie-ing the economy. The research uses **the methods** of deduction and induction, analysis and synthesis, analogy and abstraction. The special functions of the government are considered within the context of the economic crisis caused by the COVID-19 pandemic; particularly, we refer to the recognition of the fifth factor of production of the economic ability of the government. The main features of this atypical crisis are characterized. It is shown that the process of deglobalization during the COVID-19 pandemic characterizes the deglobalization of the economic ability of the government and that this process is temporary, since overcoming the global phenomenon of the pandemic and the economic crisis caused by it requires exclusively global efforts and measures. Particular attention is focused on the financial support of the economy from the economic ability of the government within the context of this economic crisis. **The conclusion** is that this support contributes to the process of zombie-ing the economy which took on a global character during the global financial and economic crisis of 2007–2009 and continued after its completion. Zombie-ing the economy is the result of a conflict between the political interests of the government and its economic ability when the latter is not able to overcome the barrier created by the former. A solution to this problem is possible through changes in bankruptcy legislation when its main principle of avoiding the unwanted bankruptcy of firms will be replaced by the principle of liquidation of unviable firms. Such a change in bankruptcy legislation can be implemented only during the economic upswing.

Keywords: COVID-19 pandemic; economic crisis; factors of production; economic ability of the government; globalization; deglobalization; financial support for the economy; zombie economy; political interests; bankruptcy

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INTRODUCTION

2020 will go down in history as the year of the COVID-19 pandemic [1], which triggered a new global economic crisis (for example, [2]). In other words, mankind is experiencing the consequences of the coronavirus and the economic crisis at the same time [3].

The economic crisis was caused by the impact of severe restrictions on social contacts in response to the rapid spread of the virus, as a result of which many sectors of the economy were forced to suspend their economic activities (for example, [4]).

Considering the impact of the COVID-19 pandemic on the economy, or rather, on the economic crisis, a new term “coronomics” was invented. It was coined by combining the terms “corona” and “economics” and denotes a sub-sector of economics that studies the impact of the coronavirus pandemic on the economy [5]. In a similar way, the term “corononomics” was later introduced [6]. Using these terms, the economic crisis caused by the COVID-19 pandemic is referred to as the “coronomic crisis” [7].

It is noteworthy that the coronomic crisis is not only the result of mistakes made in the economy (or in its management), but its end does not depend on the anti-crisis measures imposed by economists. Ending the COVID-19 pandemic will help overcome the coronomic crisis, through effective coronavirus disease treatment and vaccination. However, some issues of the coronomic crisis are the subject of economic science (for example, [8–10]).

If the end of the coronomic crisis depends on the success of medicine in the fight against the COVID-19 pandemic, it can be concluded that in the context of this crisis, the economy is a hostage to medicine [7].

Based on the experience of dealing with the pandemic, as well as developing and implementing anti-crisis measures, the role of national governments with the support of international organizations is of paramount importance. Thus, the aim of this article is not only to understand the actions of the government as an independent factor of

production [11] amid the COVID-19 pandemic, but also to identify the most undesirable potential consequences of financial support measures for the economy during the coronomic crisis, by launching and promoting the process of zombie-ing the economy. In other words, the aim of the article is to comprehensively explore the issues related to the impact of the economic ability of the government during the coronomic crisis, which ultimately contributes to the zombie-ing of the economy.

THE ECONOMIC ABILITY OF THE GOVERNMENT AS AN INDEPENDENT FACTOR OF PRODUCTION

Many economists believe that the economic activity of the government is not an integral part of the market economy, since it solves the problems in front of which the market is powerless. In other words, the economic activity of the government is seen as an inevitable addition to the market economy.

Despite this explanation of the economic activity of the government, according to a non-traditional approach to factors of production, some of these activities are an immanent part of the market [12].

As of the generally accepted theory of factors of production, there are four factors of production: land, labor, capital, and entrepreneurial ability. The respective factor incomes are rent, wages interest, and profit.

It is noteworthy that economists occasionally discuss issues related to the traditional theory of factors of production (for example, [12–17]).

Income from sales of the results of production includes the specified factor incomes (rent, wages, interest, and profit), as well as depreciation and indirect business taxes (IBT). It is believed that IBTs (i.e. VAT, general sales tax, excise taxes, etc.) are received by the government as unearned income [18, p. 140; 19, p. 119]. Unlike IBTs, direct taxes are levied directly on the aforementioned factor incomes — rent, wages, interest, and profits.

As known, the economic meaning of depreciation lies in the gradual accumulation of

value transferred by fixed capital to products for the purpose of its simple reproduction, and does not contradict the generally accepted theory of factors of production. At the same time, the explanation of the government receiving IBTs as an unearned income clearly contradicts the principle of unity of the theory of factors of production, since, unlike other factor incomes, the government receives IBTs “for no reason”.

Assuming that the *economic ability of the government* is an independent fifth factor of production, IBT qualifies as the corresponding factor income [11, 12, 17, 20].¹

In terms of its content, the economic ability of the government among other factors of production is similar to entrepreneurial ability, since for both factors the organization of production is an integral function, although the difference lies in its scale. Thus, entrepreneurial ability organizes the production process of a certain good (or goods) by combining such factors of production as land, labor, and capital. As for the economic ability of the government, it organizes production at the level of the national economy, creating the necessary conditions for entrepreneurial ability, which organizes the production of a certain product (or goods). In this case, the goal of entrepreneurial ability is to obtain a larger corresponding factor income, i.e. profits, and the goal of the economic ability of the government is to increase IBT revenue. These goals are quite compatible, since profits are part of the added value, and the larger the profits, the higher the VAT will be.

The functional purpose of the economic ability of the government as an independent factor of production is as follows:

1. Establish an economic environment for entrepreneurs in which entrepreneurial ability as a factor of production can best combine factors such as land, labor, and capital in the production process.

2. Develop and adopt decisions that will have a positive impact on the development strategy of firms operating in the national economy.

3. Implement innovative solutions for the development of monetary and fiscal instruments and improve the institutional environment for entrepreneurial ability.

4. Predict and prevent all kinds of risks that may pose a threat to the development of the national economy.

Since the traditional factors of production are divided into material and human (material — land and capital, and human factors — labor and entrepreneurial ability [18, p. 37]), and economic decisions are made by certain people, the economic ability of the government also belongs to the group of human factors of production.

It should be recognized that the economic ability of the government is not identical with the very concept of the government, since the latter has significantly more functions than the fifth factor of production as such. In particular, these functions include the management of political processes (for example, holding elections at various levels of government), the implementation of international relations, strengthening the country's defense, etc.

In this context, the fact that it is necessary to avoid any confrontation (let alone conflict) between the economic ability of the government and its other functions is of great importance. The ideal situation is when the economic ability of the government and its other functions mutually complement each other.

Unfortunately, the opposition of the economic ability of the government to any of its functions is possible. An example of this will be discussed below.

While recognizing the economic ability of the government as a separate factor of production, it is necessary to clearly stipulate that international financial and economic institutions, although they are to some extent supranational institutions, perform the same function as the economic ability of the government. In particular, in the context of globalization, a certain expansion of the framework of the national economy takes place, and international financial and economic institutions, together with national governments,

¹ This approach is presented in [21, p. 358].

organize production within these expanded frameworks on the basis of creating the necessary conditions for entrepreneurial ability that also operates in this expanded framework of the economy. In other words, international financial and economic institutions are a private manifestation of the economic ability of the government at the international level in the context of globalization.

It should be emphasized that the role of the government significantly increases in overcoming economic crises, as well as in the post-crisis development of the economy (for example, [22–24]). In other words, during an economic crisis, the fifth factor of production – the economic ability of the government – becomes the most important of all five factors of production. It is understandable assuming that this factor organizes production within the framework of a crisis national economy, on the one hand, supporting firms in crisis, and on the other, developing and implementing anti-crisis measures to end an economic crisis.

In the context of the economic crisis caused by the COVID-19 pandemic, a special role is assigned to the economic ability of the government, which depends entirely on the characteristics of this crisis.

SPECIFIC FEATURES OF THE ECONOMIC CRISIS

As noted in the introduction, during the COVID-19 pandemic, the economy in general, and the way out of the crisis in particular, is completely dependent on medicine. In addition, the onset of the economic crisis was due to the inability of medicine to prevent the spread of the coronavirus, other than by temporarily closing many sectors of the economy. Consequently, the causes for the economic crisis in the economy are *exogenous*, not *endogenous* [7].

Based on the experience of economic crises accumulated over the past decades, and especially the global financial and economic crisis of 2007–2009, economists and medical professionals have studied the impact of these crises on the healthcare system [25] or on public

mental health during economic crises,² as well as the spread of infectious diseases during crises [26], etc. The COVID-19 pandemic has fundamentally changed this situation, now economists need to study the impact of the pandemic on the economy.

In the history of mankind, such economic crises are known, which also did not occur in the economy itself, but were introduced into it from the outside. In other words, such crises are not typical, but so-called *atypical* economic crises.

Atypical economic crises include, for example, the economic crises that started after World War I and II, as well as caused by the collapse of the Communist system in Eastern Europe and the USSR. Atypicality as such suggests that these crises differ not only from typical economic crises but may also differ from some other atypical economic crises.

Thus, the economic crises of the post-war period were primarily the result of damages caused by military operations. The most important task of the post-war period was the repair, and sometimes full reconstruction of damaged buildings and facilities. As opposed to this situation, the economic crisis has nothing to do with damages to buildings and facilities; on the contrary, everything is safe and sound, but many facilities are temporarily closed and do not function.

The economic crisis caused by the collapse of the Communist system in the countries of Eastern Europe and the USSR was due to the transformation of the command economy into a market economy. Unlike this atypical economic crisis, the economic crisis has nothing to do with any transformation of the foundations of the economic system.

At the same time, such economic crises are known in world history and were caused by pandemics of various diseases (for example, [27]).

Particularly noteworthy is the study of the experience of the economic crisis caused by the

² WHO. Impact of economic crises on mental health. Copenhagen: World Health Organization; 2011. 34 p. URL: http://www.euro.who.int/_data/assets/pdf_file/0008/134999/e94837.pdf?ua=1 (accessed on 31.03.2021).

well-known 1918 influenza pandemic (“Spanish flu”), which broke out in 1918 (for example, [28–31]), since this crisis has much in common with the modern coronomic crisis: a decline in economic activity, decrease in production volumes and incomes of the population, etc.

However, these economic crises are different (for example, [32]). First, if the Spanish flu pandemic began shortly after the end of World War I, leading to an economic crisis due to military damages, then fortunately, such dramatic events did not precede the onset of the COVID-19 pandemic. Second, during the Spanish flu pandemic, the world was not as globalized as it is today, supply chains and value chains spread to many countries of the world, and in the context of the coronomic crisis, in most cases, they began to disintegrate (for example, [33]). Third, by the start of the Spanish flu pandemic, tourism, and international transport links were not as developed as they are today, resulting in greater economic damage to these sectors of the economy during the coronomic crisis.

Thus, the coronomic crisis is not only atypical [34], but also unique in nature [35].

FEATURES OF THE ECONOMIC ABILITY OF THE GOVERNMENT DURING THE CORONOMIC CRISIS

As known, the role of the government increases during economic crises. This is fully applicable to the conditions of the coronomic crisis, which is quite natural, since not only overcoming an epidemic (within one country) or a pandemic (on a global scale) but also bringing the country out of the crisis is impossible without an active role of the government [36]. In other words, both during economic crises in general and during a coronomic crisis, in particular, the economic ability of the government acquires a dominated role [37, p. 64–66] among the factors of production [38].

The highest priority for the functioning of the economic ability of the government during the coronomic crisis is the maximum support and development of the healthcare system, without which it is impossible to treat

the coronavirus and prevent its spread. At the same time, the activity of the economic ability of the government is a necessary condition for overcoming the coronomic crisis.

Additionally, it is important for the economic ability of the government not only to maintain the healthcare system but also make it more accessible to the public [39].

In the context of the coronomic crisis, it seems necessary to revise some of the generally accepted rules that are legislatively enshrined in the economic ability of the government. In particular, we are talking about the process of vaccination against coronavirus, which started at the end of 2020, and more specifically, the use of patent and copyright mechanisms, which, by their content, create legal barriers to the mass distribution of vaccines registered by the World Health Organization (WHO) [40, 41].

The suspension of patent and copyright protection mechanisms is an effective way for ensuring the availability of mass vaccination against coronavirus disease for almost all countries [39, 42]. In other words, vaccines against coronavirus should become a public goods, which fits into the scheme of expanding the “boundaries” of these goods when the economic ability of the government is recognizing new technologies as a public goods. This will qualitatively expand the possibilities of a technological breakthrough in the economy [43, p. 91].

It should be noted that even the presence of high-quality vaccines against coronavirus in the required quantity does not mean that mass vaccination will take place without hindrance, which is primarily related to the issues of the possible consequences of the vaccination [44].

Thus, one of the primary tasks of the economic ability of the government, along with providing the public with high-quality vaccines in the required quantity, is not only to minimize all possible risks of vaccination but also to raise public awareness on the issue.

With regard to the COVID-19 pandemic, one cannot but agree with the opinion that this is the “price of globalization” [45]. However, the global phenomenon of the COVID-19 pandemic was

accompanied by a process of de-globalization, which was stimulated by US President Donald Trump (for example, [46]) and Brexit (for example, [47]) even before the pandemic started.

When it comes to de-globalization in the context of the fifth factor of production, it should be noted that we are talking about the de-globalization of the economic ability of the government, which had a clear trend towards globalization before the COVID-19 pandemic.

The process of de-globalization in the context of the COVID-19 pandemic was facilitated by the unpreparedness of the economic ability of the government, represented by national governments, as well as international organizations (primarily WHO) for the rapid and uncontrolled spread of coronavirus. This, in turn, forced the governments of different countries, at their own peril and risk, to take certain anti-epidemic measures. Individual approaches to tackle pandemic risks and decision-making, especially at the initial stage of the crisis, can best be described by the following words: “all countries are almost equally happy during the period of economic rise, but they suffer differently during crises” [48, p. 5].

The rapid spread of the coronavirus has forced the economic ability of governments to suspend businesses like tourism and passenger transport. The aforementioned gap in international supply and value chains was added to this. As a result, these phenomena, and the inconsistency with each other of anti-epidemic measures taken by national governments, not to mention the confusion of WHO and other international organizations at the beginning of the pandemic, were interpreted as the beginning of the “crisis of globalization” and the transition to isolationism, and in particular, the isolationism of the economic ability of the government. In turn, isolationism negatively affects both economic growth [49] and social, political, and environmental spheres [50].

Due to the global nature of the pandemic, isolationism is a dead-end direction not only for overcoming it [36] but also for post-pandemic economic development [51, 52]. Maximum

coordination on a global scale, carried out at the local level within national economies at the expense of the economic ability of the government, can lead to success in the fight against the COVID-19 pandemic [53].

The accumulated experience of using Internet technologies in the context of the coronomic crisis also highlights the “benefits” of globalization. These technologies rescued some sectors of the economy (for example, education, trade, etc.), which was reflected in the fact that they did not suspend their functioning, but transformed their activities based on these technologies. At the same time, it was the COVID-19 pandemic that exposed the gap in the level of Internet connectivity between developed and developing countries [54].

Based on the global nature of the pandemic itself, its overcoming is possible only with a global approach (for example, [55]).

It follows from what has been said that the process of de-globalization of the economic ability of the government is temporary. At the same time, the conclusion suggests itself that countries should not waste time in vain and make the most of the current situation for the timely adoption of appropriate measures to prepare for a truly impending new wave of globalization of the economic ability of the government, i.e. a qualitatively higher level of globalization [56]. The complexity of the problem is caused by the fact that new contours of globalization at this stage of the COVID-19 pandemic and coronomic crisis have not yet emerged [57].

The experience gained during the COVID-19 pandemic has clearly prioritized the prevention of economic security risks. The risks associated with maximizing food security are particularly relevant [58].

Among the challenges facing the economic ability of the government, those related to economic security are of particular importance and are likely to remain relevant in the context of the renewed process of globalization.

It is theoretically possible that a new virus will emerge in the more or less foreseeable future that could trigger a new pandemic

similar to the current one, and the experience gained during the COVID-19 pandemic will be invaluable. Therefore, based on this experience, it is necessary for the economic ability of the government and entrepreneurial ability, as well as for all of humanity, to learn how to live and act in a pandemic. [59] And this, in turn, directly suggests that for such factors of production as the economic ability of the government and entrepreneurial ability, it is advisable to adopt the experience of the so-called “pandemic behavior” for possible cases of new economic constraints during a pandemic.

THE NATURE OF ANTI-CRISIS MEASURES UNDER THE COVID-19 PANDEMIC

It was noted above that any comparison of the coronomic crisis with typical economic crises, including the global financial and economic crisis of 2007–2009, is extremely superficial [60]. Despite this, it should be recognized that the economic instruments that served the economic ability of the government since the onset of the coronomic crisis have not been different from those used relatively successfully during the 2007–2009 global financial crisis [61].

From a theoretical point of view, almost all economic crises after the Great Depression of 1929–1939 clearly express the need to return to well-known Keynesian ideas. Unsurprisingly, this approach has fully retained its relevance during the coronomic crisis [62, 63].

However, there is a fundamental difference in anti-crisis measures during typical economic crises and coronary crises. In particular, in the context of typical economic crises, these measures are designed to perform two functions: to support the population and business, and also to get out of the crisis. In contrast to this case, the completion of the coronary crisis depends solely on overcoming the pandemic, which, as noted above, is the immediate task of medicine. Consequently, there remains only one function of anti-crisis measures — to support the population and business.

Based on this feature of the economic measures taken by the economic ability of the

government in connection with the coronomic crisis, they can be divided into two groups: anti-crisis measures as “survival measures” and post-crisis measures as “recovery measures” for economy. And the latter should precede the necessary post-crisis economic reforms [62].

The question of the effectiveness of various programs of financial support for the economy is the subject of a separate study (for example, [64, 65]).

Anti-crisis measures taken by the economic ability of the government have three goals:³

1. Financial support and development of the healthcare system for the prevention (vaccination) and treatment of coronavirus.
2. Financial assistance for vulnerable groups impacted by the coronomic crisis.
3. Financial measures to support companies that had to partially or completely suspend their activities due to the coronomic crisis.

All these three target areas of the economic ability of the government during the coronomic crisis fully fit into the above functional purpose of this factor of production. Namely: without healthcare system financial support, it will be impossible to end both the pandemic and the coronomic crisis. At the same time, financial assistance to support vulnerable groups is necessary not only for humane reasons, but also for purely economic reasons, in order to maintain a sufficiently capable workforce for the post-pandemic period. Finally, financial support for companies is required for keeping them in the post-pandemic market.

It is obvious that these anti-crisis measures, taken by the economic ability of the government, by their nature are based on an increase in national budget expenditures for the specified purposes of financial support. At the same time, an increase in the expenditure of national budgets of various countries is accompanied by a decrease in tax revenues, which is the result of a partial or complete suspension of the

³ IMF. Policy responses to COVID-19. International Monetary Fund. 2021. URL: <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19> (accessed on 31.03.2021).

functioning of individual firms. As a result, the national budget deficit is growing, which, in turn, forces the economic ability of the government to increase borrowing. It directly follows from this that not only during the coronomic crisis⁴ [66], but also to a no lesser extent in the post-pandemic period, the global problem of public debt servicing will become urgent [67–70]. It should also be emphasized that this problem arose before the coronomic crisis (for example, [71–74]), although this crisis, in turn, contributed to its relevance and acuteness.

During the coronomic crisis, as expected, the subject of independent research, or rather foresight, is the understanding of the post-pandemic world (for example, [45, 62, 75–78]).

In the context of financial assistance to support companies, there is a real threat of zombie-ing the economy [79].

ZOMBIE-ING THE ECONOMY UNDER THE COVID-19 PANDEMIC

The zombie economy originated in the 1990s in Japan (for example, [80]). In particular, the zombie economy was born in the bowels of a financial crisis (for example, [81, p. 368]).

The zombie economy includes zombie firms and zombie banks. The former, despite their insolvency, continue to function by lending to banks [82]. Moreover, the latter are these lenders, and they provide loans to zombie firms on favorable terms [83]. The mechanism that supports this clearly non-commercial activity of banks is based on the provision of government guarantees to zombie firms [84, p. 301], on the basis of which zombie banks create a win-win situation for themselves, despite the inability of these firms to service and repay loans. As a result, this entire mechanism is carried out at the expense of taxpayers [85, p. 164], and firms and banks that use it turn into zombies [80]. They generally make up the “unviable” part of the economy — the zombie economy [86].

⁴ IMF. COVID-19 financial assistance and debt service relief. International Monetary Fund. March 4, 2021. URL: <https://www.imf.org/en/Topics/imf-and-covid19/COVID-Lending-Tracker#ftn> (accessed on 31.03.2021).

As noted above, the zombie economy is usually formed in the bowels of a financial crisis, which is easily explained. In conditions of stagnation, among other negative consequences, the number of unemployed increases, the wages of workers fall and, as a result, the living standards decrease. Governments, as a rule, tend to avoid initiating bankruptcy proceedings for insolvent firms, either by supporting them with direct budget funding or by providing government guarantees that allow these insolvent firms to continue operating at the expense of a preferential bank loans.

Japan’s economy was partially non-viable due to the financial crisis. After the end of this crisis, the government continued to use the described mechanism of zombie-ing the economy, since, in the event of liquidating the zombie economy with the help of bankruptcy legislation, the authorities feared losing the support of voters in the upcoming elections.

Obviously, this action of the government is based on political considerations and, in general, contradicts the functional purpose of the economic ability of the government as an independent factor of production. In particular, for the latter, the priority is to maintain and develop a healthy economic climate for the successful functioning of business, while the politically motivated process of zombie-ing the economy, on the contrary, in every possible way prevents the liquidation of these non-viable firms through bankruptcy procedures.

The Japanese phenomenon of the zombie economy in the context of the global financial crisis of 2007–2009 acquired an exclusively global character [87–92]. In particular, under the conditions of this crisis, most countries within the framework of special anti-crisis programs operating through “privatizing profits and nationalizing losses” [93, p. 10], provided financial support not only to private financial institutions but also to individual firms in the real sector [93, p. 22–23].

This was during the 2007–2009 global crisis when the process of zombie-ing the economy in the US (for example, [94, 95]) and some

EU countries started (for example, [96, 97]). The zombie economy also affected the post-Communist countries [98, 99].

It should be emphasized that the process of zombie-ing the economy continued after the end of the global financial crisis of 2007–2009 (for example, [100–104]).

It was noted above that in the conditions of the coronomic crisis, as expected, the same methods of financial support for the population and the economy were used during the global financial crisis of 2007–2009. The main difference is that anti-crisis measures in the context of the latter, in addition to supporting the population and business, were aimed at completing it, and measures of a similar nature in the context of the coronomic crisis have an exclusively additional function to support the population and business. And the way out of this crisis is directly related to the end of the COVID-19 pandemic, which can only be achieved with the help of the success of medicine to prevent and treat the coronavirus.

As noted above, the Japanese experience of the zombie economy, as well as a similar experience of the global financial crisis of 2007–2009, shows that direct budget financing, as well as tax incentives and concessional lending, are becoming available for the firms in need. The same business support tools are used during the coronomic crisis. Since the formation of zombie firms has almost never stopped since the global financial crisis of 2007–2009, such firms in the context of the coronomic crisis include not only “healthy” (i.e. financially solvent) firms, but also existing zombie firms.

It should be borne in mind that, according to economics, government concessional lending to business, as a rule, not so much solves, but further exacerbates the accumulated economic problems (for example, [105, pp. 2–28]). At the same time, the experience of the zombie economy shows that many countries resort to this financial mechanism, during the financial and economic crisis.

During the coronomic crisis, the economic ability of the government cannot determine

whether a particular firm was solvent before the crisis. As a result, the process of zombie-ing the economy in the context of the coronomic crisis is progressing [106].

In fact, the zombie-ing process has affected such giants as Boeing Co., Carnival Corp., Delta Air Lines Inc., Exxon Mobil Corp. Macy’s Inc., etc., which can remain zombie companies in the post-pandemic period. But this does not mean that, according to some optimistic expectations, zombie companies will still be able to recover from this unhealthy zombie syndrome [107]. It should also be emphasized that even with successful vaccination, the zombie process can become irreversible [108].

As emphasized above, the zombie-ing of the economy is the result of the fact that the conflict between the political interests of the government and the economic ability of the government, as the global experience shows, is resolved exclusively in favor of the former. This is understandable within the framework of the “public choice” theory [109] when political decisions are not always economically rational [110].

To resolve the conflict between the political interests and economic ability of the government in favor of the latter, it is necessary to change the basic principle of bankruptcy legislation, aimed at avoiding unwanted bankruptcy (for example, [111]). The main principle of bankruptcy should strictly ensure not the preservation, but the liquidation of non-viable firms [112, 113]. Such a change in bankruptcy legislation requires a firm reformatory attitude of those directly “representing” the economic ability of the government and “setting in motion” this factor of production.

For a reform breakthrough in bankruptcy legislation, all other things being equal, it is necessary to choose the most appropriate time for this. This can be considered a non-crisis period of economic development, when economy is on the growth.

During economic crises, making such decisions is not only impossible but also inappropriate, so as not to aggravate the crisis

political situation. This provision is confirmed by the approach to bankruptcy legislation in the context of the COVID-19 pandemic, aimed at avoiding the initiation of appropriate procedures at all costs [114].

Thus, in the post-pandemic period of economic recovery and reforms, one of the priority areas of the economic ability of the government as a factor of production will be the development and implementation of such an economic policy, which will be aimed at overcoming the protracted process of zombie-ing the economy.

CONCLUSIONS

The COVID-19 pandemic and the resulting economic crisis have particularly exacerbated the question of the government's role in solving many purely pandemic and economic problems. In this context, it is advisable to consider the economic ability of the government as an independent fifth factor of production along with such factors as land, labor, capital, and entrepreneurial ability.

The economic ability of the government organizes production at the level of the national economy, creating the necessary conditions for entrepreneurial ability, which combines land, labor, and capital into production in order to create a specific good.

The economic ability of the government is not identical to the very concept of the government. In fact, the latter, in addition to economic ability, performs other functions (for example, political, international, defensive, etc.). The most desirable situation is when the economic ability of the government and its other functions do not contradict each other.

The economic crisis assigns a special anti-crisis function to the economic ability of the government.

To prevent the rapid and massive spread of the coronavirus, many countries had to temporarily restrict, and in many cases even suspend the functioning of most sectors of the economy, which triggered an economic crisis. In other words, the economic crisis under the

COVID-19 pandemic is not typical, since its causes are not endogenous to the economy, but exogenous. It defines the nature of this economic crisis as atypical. And atypicality determines the dissimilarity of almost all atypical economic crises.

The economic crisis caused by the spread of the coronavirus is the coronomic crisis. Under the latter, the economic ability of the government naturally acquires a leading role among the factors of production.

From the outset, the COVID-19 pandemic has exacerbated the issue of de-globalization. The latter, in the context of factors of production, means the de-globalization of the economic ability of the government, which was characterized by a globalization trend before the COVID-19 pandemic. The process of de-globalization was facilitated by the unpreparedness of the economic ability of the government at the level of international organizations (primarily WHO) for the rapid and uncontrolled spread of the coronavirus.

At the same time, the global nature of the pandemic and the resulting coronomic crisis, all other things being equal, call for a globally coordinated response. Consequently, the de-globalization of the economic ability of the government is temporary.

Anti-crisis measures taken during typical economic crises are not fundamentally different from those taken during the coronomic crisis. The difference lies in the fact that the measures of a typical economic crises have both a supporting (population and business) and an ending (crisis) function. In addition, during a coronomic crisis, only one supportive function is performed, since the duration of this crisis depends entirely on the end of the pandemic.

The main directions of enhancing the economic ability of the government in the context of the coronomic crisis are priority support for the healthcare system; financial assistance to support vulnerable groups and those firms that had to completely or at least partially locked their activities. The implementation of these measures requires an increase in state budget expenditures.

The financial support of firms contributes to the zombie economy.

The zombie economy phenomenon occurred in the 1990s in Japan during the financial crisis.

Zombie firms are insolvent firms that continue to operate on concessional loans from zombie banks. The win-win of such an operation for the latter is ensured by government guarantees issued to zombie firms.

During the global financial crisis of 2007–2009, the process of zombie-ing the economy acquired a global character. This process continued after the end of the crisis.

Financial support instruments for businesses in the context of the coronomic crisis continue the process of zombie-ing the economy. Unfortunately, the giant companies have been gripped by this process, and there is no guarantee that they will be able to get rid of the zombie syndrome after the coronomic crisis. This is due to the political interests of the ruling parties, which fear losing the support of voters in upcoming elections, who may lose

their jobs in the event of the legal bankruptcy of zombie firms.

The zombie economy occurs due to the conflict between the political interests of the government and the economic ability of the government. This conflict, as a rule, is resolved in favor of the former, which is explained by the well-known “public choice” theory.

In order for the economic ability of the government to be able to overcome the barrier of the political interests of the government, it is necessary to radically change the basic principle of bankruptcy legislation. Instead of applying the principle of preventing unwanted bankruptcy of firms, the principle of liquidating non-viable firms should be applied. Such a revolutionary change in bankruptcy law can only be implemented in an environment when the economy is booming.

In the post-pandemic period, the economic ability of a government to fulfill its primary function of efficiently organizing production both in a particular country and globally will be critical.

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