

Defining resilience in economic policymaking

Origins and current uses

Executive summary

In recent years, the notion of economic resilience has gained considerable momentum in both academia and policymaking. Compounding crises such as the COVID-19 pandemic and the war in Ukraine have placed economic resilience at the core of the EU's recovery strategy, making **resilience a central landmark for economic policy**.

However, the concept of resilience originated outside of economics. Initially, the term emerged in ecological sciences and has since spread to other fields such as engineering, psychology, and economics. During this transition, the definition of resilience underwent several alterations. As a result of its diverse areas of application and frequent use, resilience has become a buzzword with **little analytical precision**. Hence, we aim to discern the origins of resilience and evaluate its use in different academic disciplines to clarify its application to economic policy.

The literature review constituting the first part of this policy brief specifies six universal aspects of resilience: **'exposure & sensitivity', 'recovery', 'flexibility', 'capabilities', 'wellbeing', and 'sustainability'**. Based on this general analysis, we show how economic resilience in particular extends the 'beyond GDP' discourse and underscore its potential as a **policy objective that mirrors the complexity of today's overlapping socio-economic challenges**.

Additionally, in the second part we discuss the **measurement of economic resilience** since suitable indicators are necessary to monitor and evaluate policy impact. We consider different indicators that are part of the beyond GDP approach as well as recent policy developments in the EU such as the 2020 Strategic Foresight Report, the Recovery and Resilience Facility, and the REPowerEU plan. The assessment carried out in this section employs the analytical lens developed in the first part of this policy brief: We scrutinise the respective definitions of economic resilience to analyse their value for mainstreaming economic resilience in EU policymaking.

The conclusion of our assessment is that policymakers need to account for the concept's rich academic origins and multifaceted character to engage with its full potential for economic policy. For example, its economic understanding should include positive adaptability, which facilitates *bouncing forward* after a crisis. In this light, we identify three crucial aspects for a **comprehensive conceptualisation of economic resilience**: It should 1) be based on a common understanding of the key functions of our economy that must be upheld in times of crisis, 2) be sufficiently precise to allow a successful translation into policies, and at the same time 3) do justice to its multidimensional character.