

How European countries react to COVID-19

Synopsis of Country Dossiers on Combating the Corona Pandemic

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Based on contributions from FES offices all over Europe

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1. The course of the pandemic

What is initially striking from a comparison of European countries is that the overwhelming majority of health services were directly affected by sporadic confirmed infections only from mid/end of February. Only in Germany, France, Italy, Sweden, Spain and the United Kingdom were individual confirmed infections diagnosed as early as the end of January, likewise in Canada and the United States.

As things stand, meaningful comparison of the available data is difficult. On one hand, empirical data on the virus are lacking, together with representative recent data from all countries. On the other hand, testing practice and the number of tests carried out clearly differ dramatically from country to country. Furthermore, they have not followed a linear trajectory as the crisis has unfolded. Generally speaking, even in states where testing is comparatively extensive, there is a high incidence of unreported cases, which in due course is likely to hit states that have been slow to implement testing all the harder.

The resilience of national health care systems is a decisive factor in combating the pandemic. The current situation is characterised by glaring deficiencies, which, on top of that, are the result of health systems being cut to the bone in pursuit of profit:

- (i) **Material deficiencies:** in many countries, there is a lack of protective equipment in hospitals and care homes: existing stocks were inadequate for such a pandemic and the market cannot be relied on to meet current needs quickly enough.
- (ii) **Lack of capacities:** in many countries there are concerns about whether intensive-care capacities will be able to cope in the event of a sharp increase in the number of severe infections or can be expanded sufficiently.
- (iii) **Staff shortages:** the lack of health care professionals in the less economically developed states in southern, central and eastern Europe is partly the direct consequence of emigration to more prosperous EU member states in response to skills shortages there. The fact that these target countries of specialist-worker migration – first and foremost Germany – are having to cope with alarming understaffing in their medical and care systems *despite* this immigration is a damning indictment of the market and policymaking.
- (iv) **Lack of EU-wide standards:** similar shortcomings in European health care systems in tandem with different levels of medical care and procedures (level of testing, approach to testing, registration of cases) are in future likely to put the issue of comparable EU-wide health care provision and prevention on the agenda.

2. Government measures and exit strategies

In Europe and beyond, many states are now pursuing similar strategies to combat the spread of the corona virus. The task now facing every country is to flatten the infection curve in order to preserve national health care systems from collapse, thereby saving lives. In terms of timelines, four alternative development paths can now be discerned:

- (i) States that took drastic action relatively quickly, as soon as the virus was diagnosed – such as the Baltic states, Denmark, Greece and central and eastern European states such as Poland. Some of these states may hope that this has prevented rapid and extensive spread of the virus and that soon new infections may peak.
- (ii) States that only gradually introduced measures to slow down the spread of the virus and thus merely exacerbated the situation, such as Germany, France, Italy and Spain.

- (iii) States that initially balked at imposing far-reaching restrictions – and that were more favourably disposed to the idea of controlled development of herd immunity, with simultaneous isolation of at-risk groups – such as the Netherlands, the United Kingdom and the United States, but which then generally performed a dramatic about-face.
- (iv) Sweden, which to date has imposed only very mild restrictions.

In many countries, national emergency legislation has been adopted: depending on the stipulations of their national constitutional bodies states of emergency (for example, in Bulgaria, the Czech Republic, Finland, Hungary, Romania and Slovakia), a state of alert (Spain) and an epidemic alert (Poland) have been declared and ratified by their national parliaments. No differences are discernible between social democratic and non-social democratic governments: in Denmark, Finland, Italy, Portugal and Spain the constitutional emergency regulations were applied just as they have been in France or Austria.

Depending on the respective constitutional requirements, the imposition of a state of emergency has been accompanied by the granting of special powers to expedite draft legislation and options for setting aside individual civil rights and liberties. The projected duration of these states of emergency varies from seven to 14 or even 30 days, subject to parliamentary supervision. Hungary alone has set no time limit in its Corona Protection Act. Some countries, such as Croatia and Poland, have not yet exhausted all their constitutional options and reserve the right, in the event the situation deteriorates further, to declare a state of emergency. The institutional set-up, too, differs from country to country: in Belgium, for example, the corona crisis, first, enabled the formation of a minority government, backed by all the parties represented in parliament. In Croatia, the minister of the interior is heading the national Civil Protection Headquarters and thus plays a key role in decision-making. In most countries, however, additional powers have been vested in the sitting government (for example, Denmark, Finland, Greece and Portugal). In many places a scientific advisory board has been set up to advise policymakers on medical and health issues. In France this has given rise to criticisms of a »government of experts« that has sometimes failed to maintain a sense of proportion in its decision-making. In Hungary, democracy is currently at risk of being fundamentally and permanently undermined. In France, criticisms of Macron's government are increasing, not least in relation to the curtailment of civil rights. Overall, however, there is a broad political consensus between governments and opposition parties on combating the crisis and party-political differences are being kept in check, surfacing only with regard to the specific design of the various aid packages and state intervention.

Social distancing the order of the day

With the exception of Sweden all European countries have now adopted strict measures to restrict public life and individual civil rights and liberties. Governments are availing themselves of an array of measures with varying degrees of severity:

- closure of universities, schools and nursery schools (although in Finland and Sweden primary and nursery schools remain open);
- a ban on gatherings (for example, limited to two people in Estonia and the Czech Republic, five people in Austria, 10 people in Denmark and Finland, and 50 people in Sweden);
- closure of retail and service businesses with the exception of food shops, drugstores and pharmacies (in Belgium there must be no more than one customer per 10 square metres and they may remain for no more than 30 minutes);
- restrictions on working life (relocation of workplace to home office in almost all countries; in Italy all factories not producing basic necessities have been closed);
- restrictions on personal freedom of movement, including a night-time curfew in Romania and even a total curfew in Italy; permission to leave home only for essential errands, work, or to look after the sick (for example, in Belgium, France, Hungary, Poland, Portugal, Spain); permission to leave home only after obtaining approval by SMS (Albania, Cyprus, Greece);
- closure of cultural, sports and leisure facilities;
- border closures with exceptions for commuters and HGVs;

- obligatory wearing of masks in public spaces in Austria, the Czech Republic and Slovakia and in shops in Austria;
- special protection for at-risk groups (ban on visiting old people's homes, care facilities and hospitals, for example, in the Czech Republic, Finland and Spain); appeals for self-isolation (among others in Finland, Portugal and the United Kingdom); special opening times for shops exclusively for people over 60 or 65 years of age (Bulgaria, Czech Republic, Hungary); round-the-clock confinement for older people in Serbia, with the exception of Sundays between three and seven in the morning to shop in stores specially opened for the purpose.

No official exit in sight

The bulk of these measures are provisionally set to last until Easter – depending on how the number of infections pans out. Virtually no government has dared to openly discuss any relaxation of the measures that have been imposed, let alone to announce a date. In Bulgaria and Greece, early May has been mentioned as a possibility. However, in Bulgaria 1,000 highly vulnerable people – for example, care and public transport workers, as well as the police – are supposed to be tested beforehand to get some idea of future developments. The Danish prime minister has raised the prospect of a return to normal life based on a kind of shift plan in workplaces and schools, in order to minimise social contacts. The so-called »intelligent lockdown« being imposed in the Netherlands, with a ban on all public events, is supposed to remain in force until 1 June. In Austria Chancellor Kurz announced that currently no relaxation is on the cards. As soon as possible, shops will be allowed to open, and only then schools and universities. In Romania, according to government sources, if things run smoothly, a return to normality might be expected in ten weeks or so. In Poland, the prospect of the presidential elections, still slated for 10 May, is exerting strong pressure for relaxation and normalisation, depending on how the pandemic plays out.

Tracking as transition to normality

The discussion about using mobile network data, on the model of Singapore and South Korea, is gaining traction in European countries, although there is no common European approach here, either. In the countries in which tracking is already being used or is being trialled there are hopes that this may permit a smart and region-specific relaxation of the lockdown. Worries about a permanent attenuation of data protection and the encroachment of various forms of digital surveillance, however, have led social democrats in, among others, Austria, Croatia, France and Slovakia, to call for a restricted and time-limited resort to mobile network data.

Mobile data are being used in, among other countries, Belgium, Canada, Croatia, Denmark, Iceland, Norway, Slovakia and the United Kingdom, although in different ways. In the United Kingdom and Canada, they are being used for anonymous supervision of the lockdown. In addition, the UK government has informed all mobile phone users about the current measures by text message and is exploring whether the use of mobile messaging can also be applied on a regional level.

In Austria and Norway, proprietary apps are being developed for voluntary use that convey only the most important information and do not collect health data. The information provided is supposed to make it easier to reach the contact persons of someone who becomes infected. In Austria, the Red Cross is developing the app, while in Norway it is the national health authorities.

In the Czech Republic this week the government launched so-called »smart quarantine«. This will be implemented initially in Southern Moravia with the purpose of informing all those who have come into contact with people infected with Covid-19, based on mobile phone queries and payment card data. On this basis, within a few hours those affected will be tested for the virus by a mobile test team. If the pilot scheme is a success the plan is that it will be rolled out nationwide.

The French government is testing the deployment of tracking to pinpoint the contact persons of those already infected but has encountered considerable resistance from the opposition, which has characterised such measures as »Orwellian«. Not too far removed from becoming an Orwellian surveillance state is Hungary, whose state-of-emergency legislation confers on the government the right of access to all available (mobile) data for the purpose of modelling and analysing the spread of the epidemic.

3. Measures to stabilise the economy

The state is the key actor in tackling the economic and financial policy challenges of the corona crisis. Fostering and stimulating market mechanisms has no real role to play in coping with the crisis. In the course of March most countries, within the framework of national protection and rescue plans, committed themselves to safeguarding citizens' health, reinforcing the health care system, rescuing and boosting the economy and preserving jobs. Experience gained in the course of tackling the financial and economic crisis of 2008/2009 and stabilisation and financial instruments developed in its wake are proving valuable in tackling the corona crisis.

Guarantees and cheap credit for large companies

There are programmes for small and medium-sized enterprises in many countries, but only on a smaller scale for large companies. For them special measures are being implemented in the form of state guarantees and cheap credit. In the United Kingdom the Bank of England is purchasing company shares and an Asset Purchase Facility (APF) has been set up to purchase corporate bonds. In Canada, there are bailouts of banks, airlines and the troubled Canadian oil and gas sector, while bridging loans are already available. In France, the partial nationalisation of strategically important companies is being considered – confidential lists have already been drawn up. In Austria, state guarantees previously available only to SMEs are now being extended to larger companies (flagship enterprises). In Slovakia, by contrast, large companies, such as Slovakian automobile subsidiaries, have expressed their discontent with the lack of state support and have threatened mass layoffs. The government is now reviewing the situation of these companies.

Support schemes for small and medium-sized enterprises (SMEs)

Support schemes for SMEs are a central element of state stabilisation programmes in practically every country. The aim is to maintain companies' liquidity and safeguard jobs. State loan guarantees are a key component of such schemes. In Denmark, for example, the state is guaranteeing 70 per cent of the value of all new bank loans to SMEs whose profits have fallen by more than 50 per cent. In Belgium, the state is issuing loan guarantees: in the event of losses, companies' tax and VAT payments are deferred for a certain number of months. Many countries are also deploying state-financed short-time working and continued payment of wages to safeguard jobs and prevent insolvency, as well as deferral of social security contributions and the possibility of paying rents and water and electricity bills at a later date. In the United States, a comprehensive financial programme worth 377 billion US dollars has been launched for small companies, which among other things enables the continued payment of wages. In Hungary, in certain sectors – tourism, hotels and catering, leisure, culture, film, sport and events organisations – rental agreements may not be terminated before 30 June and rents may not be increased.

Self-employed, freelancers and micro-entrepreneurs

These rarely have reserves and business assets. Hardship funds and support schemes make it possible to bridge losses and meet personal living costs. In Finland, this group will have access to unemployment benefit for the duration of the crisis.

In Estonia, self-employed people in cultural activities and sport benefit from direct state support measures for cancelled cultural and sports events. In Austria, a hardship fund has been set up for this group (up to a maximum of ten employees). In the Czech Republic, owners of restaurants and small businesses that have had to close because of government emergency measures receive up to 80 per cent of their wage costs. In Norway, 900 NOK have been set aside to cover lost revenue in the cultural and sports sectors. In the United Kingdom, a package of measures is being implemented, including a 12-month business rates holiday for all retail, hospitality, leisure and nursery businesses. In Sweden, retail and small businesses are entitled to rent subsidies for up to 50 per cent of their property rents.

Short-time working and continued payment of wages

Short-time working and wage continuation are state-supported instruments that already proved to be very effective and flexible in the financial crisis of 2008/2009. Cuts in normal working hours ensure that as many workers as possible can remain in employment, despite the crisis, and thus stave off insolvency. Many countries have taken a leaf out of Germany's book in this respect. For example, France has adopted a German-style short-time working regulation (officially known as »*activité partielle*«), under which those on short-time working receive 84 per cent of their net pay and those on the minimum wage 100 per cent. In Iceland, the state pays people working short-time 75 per cent of their wages. In Switzerland, benefits for short-time working have been extended to fixed-term or temporary employees and those working in employee-like positions. Trainees now also receive short-time benefits. In Bulgaria, the state has assumed payment of 60 per cent of the wages of companies deemed to be in distress, as long as the company guarantees the other 40 per cent. Even countries with no previous experience of short-time working have introduced it in response to the corona crisis. In Canada, the state plans to cover up to 75 per cent of the wages of the self-employed, small businesses and SMEs with short-time benefits. In the Czech Republic and Slovakia, where hitherto there was no short-time working, it is being introduced by state decree. The EU has also announced a short-time working scheme to be made available to countries particularly hard-hit by the corona crisis.

Flexibilisation of work

Bans on social contact and the consequent closures of companies, amenities and organisations have led to flexibilisation of working everywhere. In Spain, working-time regulations and teleworking are being adapted to the current circumstances, including reductions of 100 per cent for the purpose of caring for children or older family members. In Portugal, employers can impose teleworking unilaterally.

Access to and awarding of unemployment benefit

In response to the crisis bureaucratic procedures and access to unemployment benefit are being simplified in a number of countries. In the United States, unemployment insurance is being supported with a 250 billion dollar scheme. This will make it possible for eligible claimants to receive a 600 US dollar per week add-on for a period of four months. In Finland, private sector workers on part-time or fixed-term contracts receive full unemployment benefit from the first day of joblessness. In Canada, access to unemployment benefit has been improved for employees, who receive 55 per cent of insurable earnings.

Socially disadvantaged and people with no income

In a number of countries state support schemes have been launched for people in need or without income. Italy has instigated a 400 million euro scheme (shopping vouchers) for citizens with no income at all. Emergency basic provision is also planned for the presumably millions of people who, for example, previously worked in the black economy and who have completely lost their livelihoods. In Spain, those most at risk or threatened by social exclusion may not be deprived of basic provision of electricity, water, gas and telecommunications. Another programme is targeted at socially disadvantaged older people. In the United Kingdom universal credit has been increased by 20 GBP a week (or 1,000 GBP a year). In Japan, a state support scheme has been launched for socially disadvantaged families.

4. Where do social democratic parties stand?

Protecting workers and the social disadvantaged

It makes a difference to workers and low earners in particular if social democrats are in government or are able to influence political decision-making. In Canada, Iceland and the United States, the introduction of short-time work benefits and income support for workers was made a condition of consent to further legislation to tackle the crisis. In Austria, Greece, Hungary, the Netherlands, Norway and Poland the social democrats have demanded that aid

packages be tailored more closely to the needs of workers and the socially disadvantaged, for example, through the increase or extension of unemployment benefit or the establishment of a bridging fund to cope with the crisis. Other demands made by social democratic parties include a ban on bonus payments to managers (Iceland) and a moratorium on dismissals at multinational companies (Hungary). To ensure people's livelihoods and boost the economy all households in France and Hungary are set to receive one-off payments, at the instigation of the social democratic opposition parties.

Democracy is not being hollowed out

In a crisis the government has to step up to the plate. Social democratic governments (or those including social democrats), such as those in Finland, Portugal and Sweden, try to remain objective and ensure that the declaration of a state of emergency does not lead to the hollowing out of democracy. In, for example, Bulgaria, Croatia, Hungary and Japan the social democratic opposition has called for a halt to further concessions of executive power to the government and demanded that parliament not be prorogued.

No pattern is discernible among social democratic governments or governments with social democratic participation with regard to what restrictions are imposed and to what degree of severity. The fact that, for example, in Italy and Spain non-essential economic production has been shut down owes nothing to party-political conviction, but rather to the high level of infections. There are similar plans in France, urged on by the socialists, because of the high number of cases. At most one might conclude that countries with weaker health systems are more inclined to resort to stricter measures, while countries with better health care resources are likely to impose milder measures. Austrian, Croatian and Slovakian social democrats, for example, advocate restricted use of mobile network data for the localisation of contact persons of the infected.

Investments in health care

The pandemic has mercilessly laid bare the shortcomings of national health care systems. Icelandic, Hungarian and Latvian social democrats, for example, regard higher investment and better pay as indispensable for a modern health care infrastructure.

Corona-/Eurobonds versus the ESM

There is no common position among Europe's social democratic parties with regard to the implementation of so-called »corona-« or »eurobonds« or a European rescue plan. Nine euro-zone countries – Belgium, France, Greece, Ireland, Italy, Luxembourg, Portugal, Slovenia and Spain – in a letter addressed to the President of the EU Council, have called for eurobonds to mutualise state debts. There are social democrats in government in Belgium, Italy, Luxembourg, Portugal and Spain. Recently, the Dutch PdVA announced a u-turn and professed itself in favour of corona bonds (interestingly, along with the head of the Dutch Central Bank). Unfortunately, the north/south split into a pro- and contra-faction that has been evident since the financial crisis, regardless of party affiliation, is as stubborn as ever, even though the urgent calls for a common debt instrument without conditionalities are becoming clearer and more frequent.

5. Expectations of Europe and Germany

Solidarity, Solidarity, Solidarity!

Calls for European solidarity are now loud, multitudinous and insistent. For example, former French president Jacques Delors, who at the age of 94 rarely issues public statements, has spoken of the lack of European solidarity as »mortal danger to the EU«. Spanish prime minister Pedro Sánchez has described the current health emergency as a »critical moment« in the history of the united Europe.

Because of Germany's initial export embargo on medical products the general view in Italy now is that it lacks solidarity, even though in the meantime the ban has been lifted and several Italian patients are being treated in

German ICUs. Italian social media is dominated by images of volunteers from Russia, China, Cuba and Albania, while French and Swedish media reports are very positive about German solidarity. Among others, the Finnish and Croatian governments have called on the EU to play a more prominent coordinating role in the production and distribution of medical protective equipment. French and Spanish socialists are even talking of a »war economy« to combat the corona crisis.

Serbia appears to be particularly disappointed by the lack of European solidarity. In the media President Vučić has ostentatiously turned his back on Europe's solidarity deficit towards »Brother Xi« from China as his country's only friend and ally. A plane from China with medical equipment and a team of doctors was greeted with much fanfare, while millions in EU and Norwegian aid has received far less attention.

The crisis is showing up the political limitations on the EU's authority to act

After the first EU member states decided to go it alone in early March and close their borders, as well as to prohibit trade and internal EU exchange of crucial medical equipment, such as face masks and ventilators, the Commission sprang into action. On Monday 16 March the Commission president presented her proposal for the closure of the EU's external borders, which was accepted by the heads of state and government via videoconference. As in the case of the exchange of medical equipment and services, the Commission has only coordinating competences, but no implementation options or enforcement mandate.

In general, the Commission's options are limited when it comes to responding to the corona crisis. Resources from the regional structural funds that had not been drawn down have been redirected. The restrictions on new borrowing by member states have been suspended and further emergency fund packages put together. To date, no additional funds have been made available for corona relief efforts because they have to be approved by the member states. The sole option available to the Commission is to reallocate funds from its authorised budget.

The member states have called on the Commission to come up with a stabilisation, exit and recovery strategy for the EU. The Commission president has announced that this will be ready in a few weeks, together with an updated draft of the multiannual financial framework, adapted to the crisis. Its main focus will be tackling the corona crisis, according to the Commission president.

Corona-/Eurobonds versus the European Stability Mechanism

The ECB has launched an emergency bond purchasing scheme, the Pandemic Emergency Purchase Programme (PEPP), backed by 750 billion euros (and without an upper limit) in order to maintain liquidity in the highly indebted members of the euro zone. All member states have broadly welcomed the ECB's measures and the suspension of the Stability and Growth Pact. The debt instruments that some member states have called for, however, are extremely controversial. As already mentioned, a group of nine euro-zone states, in a letter addressed to the President of the EU Council, have called for the creation of a common debt instrument.

Besides corona-bonds other ideas have also been floated, such as »revival bonds« (Spain) or »budget and monetary solidarity« (France), which amount to the same thing, Eurobonds. Opposed to this are, among others, the Austrian and Dutch governments, which regard the ESM as the right instrument for tackling the crisis (perhaps with limited conditionalities) and strongly oppose corona-bonds, in the sense of a mutualisation of debt liabilities. As possible alternatives, »Euro safe assets« or »recovery bonds« have been proposed. These would be underwritten by a »Pan European Guarantee« and be based on an independent Eurobudget, generating revenues from the EU's tax take (digital tax, carbon tax, certificate trading). But even the euro zone budget that Emmanuel Macron has called for repeatedly and the EU's own tax revenues have to date been rejected by the northern member states under the leadership of the Netherlands. Another proposal offered by some experts is to use the ESM for corona bonds, in other words, to assume the debts of all euro-states via the euro bailout package. The money also raised through bonds would be distributed among all the euro-states in accordance with their shares in the ESM, along with interest charges – in other words, this would amount to a mutualisation of interest and default risk. This might be a possible compromise proposal.

A lot is expected of Germany: some are calling for it to embrace solidarity, while others would prefer that it stand its ground. By the time it assumes the Council presidency in July Germany needs to have established a position that satisfies the redoubled calls for solidarity and strengthens EU cohesion.

Defending democracy in the face of crisis

Even though as things stand the debate is dominated by the calls for economic and financial aid, the European Commission and EU member states are committed to maintaining democratic standards and the rule of law even in a period of national emergency. The Commission president has announced that EU countries' emergency laws will be reviewed. Above all, they need to be time-limited and strictly proportionate.

Back-shifting supply chains

In some countries a discussion has begun on the medium- and long-term consequences of the corona crisis. French socialists are calling for a retrenchment of globalisation and returning the production of strategically important goods back to Europe in order to ensure the continent's »industrial sovereignty«. Austria would like, in particular, production chains for medicines and food to remain in Europe and has proposed that this be taken up in the EU's industrial strategy.

Border closures affect the labour market

Countries such as the Czech Republic, Poland and Romania view the continuing border closures with some trepidation because many of their workers are employed in neighbouring countries and now their incomes are being disrupted. At the same time, many other countries – especially Germany – have become dependent on this additional labour force in care, construction and crop picking.

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