

Between Economics, Epidemiology, and Social Behaviour: Europe's War Against Coronavirus

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This policy outlook brings together some of the major responses to, and possible further implications of, the current COVID-19 pandemic. From the simple binary of the capitalism versus coronavirus debate, the possible headwinds for Europe's Green Deal, and awareness of the collateral damage from economic downturn, the document highlights the main political, economic, and social, effects thus far discerned from the crisis. The outlook draws from the latest developments across Italy, Germany, France, and Spain as part of a broader global discussion, with the full ramifications of the outbreak remaining to be seen.

Introduction

This policy outlook offers a concise overview of the latest developments in Europe in light of the SARS-CoV-2 coronavirus outbreak. The discussion is broadly structured around the interweaving economic, social, and political, impacts across the countries of Italy, Germany, Spain, and France. Beyond an inordinately serious global public health crisis, the outbreak is set to have profoundly detrimental impacts on the world as countries rally to confront the crisis. 'Modernity' and 'our way of life' are said to be [under threat](#), lest some semblance of normal economic activity does not resume soon. The state of affairs has placed extraordinary pressure on governments as they seek to respond to the crisis both in the near and long-term whilst a vaccine is desperately sought. In tandem, political debate has been generated by those wonderstruck by the presumed successes of authoritarian and technocratic regimes. Totalising causal associations have been deduced between various ideologies in the abstract and the effectiveness of public health care responses on the ground, aptly captured in the simple binary of [capitalism versus coronavirus](#). The comparison has been worsened by the perceived sluggish approach of liberal democratic orders around a globalised world which, without care, presents the danger of entirely obfuscate [the entire gamut of ills](#) of contrasting polities, such as the Chinese Communist Party. Critique must be applied where critique is due, constructively where possible.

Though the initial source of the outbreak is understood to be [Wuhan](#), China (which will soon have its lockdown [restrictions removed](#) as new infections reach zero), the epidemic, driven by a failure to act decisively against the initial spread of the outbreak from its source, has firmly established footholds across the world. At the time of writing, the [Johns Hopkins Coronavirus Resource Centre](#) records 472,790 people that have been infected globally across more than 190 countries, with 21,313 reported deaths thus far. 114,911 have recovered. These figures are subject to rapid change. Italy, and as of late [Spain](#), have now reported a higher death toll than China, both of which are now epicentres for what the World Health Organisation (WHO), has classified as a global [pandemic](#) that will affect most, if not all, aspects of life. Spain, with hundreds of deaths of its own, has called for EU-wide [Marshall Plan](#) to marshal resources across the bloc to reverse the adverse socio-economic impacts of the disease. The line echoes that of the Organisation for Economic Co-operation and Development (OECD), which has called the current crisis the "third and greatest economic, financial and social shock of the 21st Century". Germany, amongst other measures, has banned social gatherings of more than two people, Chancellor Angela Merkel has placed herself into quarantine after contact with a doctor who later tested positive for the coronavirus, erstwhile the exponential growth in cases there has been said to have [slightly flattened off](#); one of a

few glimmers of hope reported around the world. France, as in elsewhere around the world, announced a national lockdown, with Paris now left looking deserted following the combination of stay-at-home measures and global travel restrictions, as elsewhere around the world.

Most, if not all countries, have responded in a piecemeal approach with gradually stricter measures, with policy-making seemingly strewn between epidemiological, economic, and social behavioural concerns. The difficulty in finding a balance between these factors increases, as the moving target at hand continues to exact higher tolls across the world. Interestingly, at the broadest of levels, [a strong correlation](#) can be observed when total confirmed cases per million is juxtaposed with GDP per capita. In other words, the more affluent countries in the world have higher confirmed cases of COVID-19, the main reason for which is said to be limited testing. The exact causal pathways for this relationship require of course further explanation, with the ease of travelling or more elderly demographics also part of that discussion. Though a range of restrictive measures have been taken throughout Europe, on every occasion the growing toll coronavirus has taken on societies is announced, so too does the alarm and the subsequent wish to enforce total lockdowns in a bid to get ahead of the spread. Research from [Imperial College, London](#), understood to have helped change the U.K. government's trajectory, asserts that "the effectiveness of any one intervention in isolation is likely to be limited", with multiple interventions balanced across time and in response to the spread of the disease, being the most effective way to substantially impact transmission. Yet around the world, people high on obliviousness or a false sense of security continue to flaunt advice and in doing so, give further credence to the idea of an enforced lockdown across Europe and elsewhere. What remains to be seen are the exact political, social, and economic effects of a pandemic that all governments have been challenged by. Though these effects cannot wholly be predicted now, and though some concrete measures taken may be sensationalised at the ideological level, beyond the damage the pandemic has caused thus far, a debate rages on as to the possible future effects on all walks of contemporary life, as now explored.

Political

Much of the general critique of what has been perceived as sluggish or lethargic inaction in certain countries across the world borne from a rightful sense of worry and urgency cannot mean that an opposing political ideology is wholly good. That, in essence, is an unliveable counterfactual. Still, a debate concerning continental Europe has emerged on the efficacy of 'Western liberalism' (a critique perhaps more accurately levied at the nature of [contemporary globalisation](#)), versus the seemingly better performance of the more authoritarian states around the world. The latter point is of course subject to intense scrutiny itself,

particularly as figures for the virus are [downplayed](#), and where the crisis may represent an opportunity for further [unwarranted restrictive measures](#) in authoritarian states, but an exploitable opportunity for [European populists](#) too. But part of what generates and sustains this debate is the abstract nature of a conversation predicated upon an idealised and hierarchical Western liberalism [without self-critique](#), shocked first by the recent financial crisis but ostensibly again by the spread of coronavirus. The contours of this discourse have even been informed by the highest authorities in global public health. "It's not easy in a liberal democracy", [Walter Ricciardi](#) of the World Health Organisation (WHO), remarked of possible steps including lockdowns to combat the spread of the epidemic. Yet such a rationale is surely surface-level, devoid of the myriad of other factors that can compound stasis in the face of crisis that need not at all be associated with abstract ideological debates. The effectiveness of various [militaries in the West](#) in enacting measures such as border closures or erecting field hospitals in light of what has been often labelled as a '[war against coronavirus](#)', may indeed be [unusual to see](#) but cannot be taken as a precursor of authoritarian tendencies. The lockdown in the region of Lombardy, which has become the epicentre of the outbreak in Italy, has been enforced by the army, whilst in a state of emergency in Spain, the [Spanish army](#) has also been mobilised. "[The state is here](#)", asserted Prime Minister Giuseppe Conte, as the government prepared to wind-down all but essential economic production. Such drastic interventions need not be associated with authoritarianism, and though for the future humankind may not be faced with a dramatic binary of [totalitarian surveillance and citizen empowerment](#), debate is necessary to guard against the possibility.

That such criticism of 'liberal democracy' can be voiced in the first place is the [paradox of democracy](#), criticism of which best serves its defence. Curiously, some have argued that the present state of lockdowns across Europe, including Italy, Spain, Germany, and France, represent a dangerous incursion upon civil liberties, an assessment surely made by minds that are not cognisant of the nature of the threat faced, nor the temporary nature of the measures invoked. Such a line of reasoning is, more than anything, a teething problem against suppression and general social distancing measures which have proven effective and will surely be relaxed in due course. Perhaps what is really the target of critique is still authoritarianism, [but this time asserted to be in the West](#), rather than the ideals and virtues of liberal democracy. What may be even more interesting is how fundamental a techno-scientific fix may be to both economic systems and the 'ways of life' or the notions of 'modernity' which are seen to be underpinned by it. Understandably enough, in times of emergency once sharp ideological divisions may be blunted, with the more austerity-driven governments now [heavily increasing their public spending](#). The debate now centres on how important austerity has been in terms of the ability to respond

to such crises, how the public health sector may have been weakened, and whether meaningful change will occur in both political thought and economic structure.

Economic

TRT World Research Centre has previously published its initial assessment on the possible economic effects of the novel coronavirus [here](#), with a focus on China and the U.S., developments which will surely have global reverberations. Then as now, it remains too early to predict the exact costs of the crisis, as well as even the opportunities afforded to some by the crisis. As time goes by, more definitive forecasts emerge with, for example, the latest global Purchasing Managers' Indices (PMIs) [presaging a recession](#) akin to the 2007-2009 financial crisis. How this may translate into gross domestic product (GDP) figures and how this may be offset by government reactions such as income subsidies, tax deferrals and debt repayment holidays remains to be seen, particularly now as of late March when most countries are said to be in or about to enter [the worst phases](#) of their outbreaks. Amidst additional stimulus packages announced across the bloc by member states and the European Investment Bank, the European Central Bank in particular recently launched a 750 billion-euro bond purchase scheme including, [according to Reuters](#), countries with low-credit ratings that would not normally benefit from such schemes, whilst borrowing and other restrictions have been eased to fight the pandemic. There are also rumours of the [European Stability Mechanism](#), the bloc's 500 billion-euro sovereign bailout fund might be harnessed. In any case, it remains hard to chart assuredly the economic impacts of a moving target both in Europe and elsewhere, with new policies gradually devised as the scale and spread of the pandemic develops, together with the various lockdown measures governments have introduced for now.

Before further discussion on the possible economic impacts is to be had, the wider collateral damage from a global economic downturn beyond those immediately related to the pandemic, must also be considered. For example, the global financial crisis of 2008 has been related to an additional [500,000](#) cancer deaths between 2008-2010, as well as a dramatic spike in [suicides](#) around the same period. This disposition further complicates measures to be taken against the pandemic, especially as the supposed peaks of the epidemic are yet to be reached. Taken on its own, this line of reasoning can downplay the potential effects of the pandemic in favour of a swift return to business-as-usual, as has been advocated by U.S. President [Donald Trump](#). The crisis at hand has also reignited established debates across spectrums of political ideology, such as but not limited to the idea of [universal healthcare and universal basic income](#). Fascinatingly, the [European Green Deal](#) could further emerge as a more resilient economic structure, which seems all the more imperative given today's struggles.

The initial downturn in economic activity in Europe is immediate enough to notice, but what remains to be seen is just exactly how damaging the pandemic may be in the long run. Meanwhile, there have been a number of ardent pledges and developments in response to the crisis. France has thus far opted [not to wind-down economic](#) activity in a manner similar to that of Italy and Spain, and the President of France, [Emmanuel Macron](#), asserted that “no company, whatever its size, will face the risk of bankruptcy”. This is part of a multi-pronged strategy of [unlimited budgetary support](#) said to be worth 45 billion euros. Cooperate tax deferrals and parachute payments for workers have also been part of the exceptional measures announced. Italy announced that it would close down all but essential production, signalling the onset of a serious economic sacrifice. One initial assessment for the country was that if normality returns by June, GDP for 2020 can be expected to fall between 2-3%, which as noted in [the Economist](#), is less than the 5.5% fall in 2009 following the global financial crisis. A former Chief Economist from the Italian Treasury, [Lorenzo Codogno](#), has said that daily GDP figures were running 10-15% below normal levels, but that pending the duration of the strict measures there, “it’s impossible to make a serious forecast of GDP for the full year”. A [fiscal rescue package](#) of 25 billion-euros has also been announced, including one-off payments for the self-employed, redundancy payments, freezes on lay-offs, and cash bonuses for those still at work.

In Germany, the economy there has been described as ‘[in shock](#)’, with projected economic contraction being as high as 20%, and a recession to last for at least two quarters, although again much depends on the length of the shut-down. The German government expects [GDP to shrink](#) by approximately 5% this year. A 750 billion-euro [stimulus package](#) is also being drawn-up to mitigate the direct impacts of the pandemic; an initial step including a debt-financed supplementary budget and a stabilisation fund for loans. Additionally, both Germany and Spain seem to be in the process of enacting tighter investment screening policies, particularly in light of the [attempted takeover](#) of Germany’s *CureVac* by the U.S. Spain has called for a bloc-wide Marshall Plan that would channel massive public investments across the E.U., and has also advocated the use of ‘[coronabonds](#)’, European debt issues that would share risk across all E.U. countries. A [common debt instrument](#) has been called for by multiple E.U. leaders, including those of France and Italy.

Elsewhere, Spain has announced 100 billion-euros worth of [state loan guarantees](#), with a range of other commitments including credit guarantees and direct aid totalling [200 billion-euros](#). Spain had declared a state of emergency in early March that is now set to be extended; exceptional measures which have reportedly been problematised by the coalition government’s [socialist and anti-austerity factions](#). Considering also the importance of [tourism to Spain](#)

and other similar Mediterranean destinations, the outlook is particularly bleak. Across all cases, uncertainty reigns at just how long all these various measures will remain in place. Europe as a whole is in a better position to respond to the crisis in its immediate neighbourhood, especially when the situation there is juxtaposed with the likes of Syria or Gaza, where infections have recently been reported.

Social

The major concern is that states across the world fortunate enough to not be at the initial forefront of the outbreak and are behind on the epidemic curve are merely delaying the onset of similar circumstances such as that of Italy, with gradually more serious approaches enacted only once the situation becomes worse. Again, it seems the hesitancy may emanate from a need to introduce stricter measures in a gradual approach so to avoid panic, the unprecedented process to galvanize public resources, and balance its approach as new data comes in. Various ‘lockdown’ strategies have been announced across the world, yet in most cases a lockdown refers not the enforced, draconian type but a restriction on all but the most essential reasons for leaving the home such shopping for food and medicine. In response to the continued upsurge in cases and deaths, together with flouting of government advice, again, as elsewhere around the world, Italy is set to [double-down](#) on its lockdown strategy by curtailing all non-essential economic activity for a period of two weeks. By late March, Italy introduced some of the toughest measures on the continent. Curiously, a debate has also raged on about whether or not testing for the virus has been too-aggressive, needlessly counting [asymptomatic positives](#).

Germany [sealed its borders](#), and the E.U. as a whole has temporarily blocked the admittance of non-E.U. nationals, which complements the wide-ranging flight bans introduced around the world. Interestingly, in early February [the WHO](#) advised against “restrictions that unnecessarily interfere with international trade and travel”, [and later](#) that “travel bans to affected areas or denial of entry [...] are usually not effective in preventing the importation of cases but may have a significant economic and social impact”. Nevertheless, it seems the vast majority of countries have gone on to do just that. In France, the initial appeal to ‘[national solidarity](#)’ did not quite work as planned, as in elsewhere in the world, emphasising the need to enforce or incentivise social distancing or lockdowns. The same pattern was repeated in the U.K., and in a similar manner in Turkey with persons over 65’s who went against the government’s insistence that they stay at home. Some may decry the moves as that of a paternalistic state, others may see the necessity. The strict moves are necessary to mitigate the spread of the disease and defer and flatten the peak of the epidemic curve to a point where hospital capacity has more of a fighting chance. There are growing calls for a fuller range of strict measures to be introduced now, including that of enforced social distancing, extensive case finding, isola-

tion/quarantine, and contact tracing. With healthcare systems overloaded around the world, perhaps the pandemic may galvanize the future expansion of the healthcare centre. In Spain, for example, members of the Military Emergency Unit found [abandoned elderly patients and corpses](#) left in retirement homes, although with hospitals and funeral services understandably overwhelmed, health workers were instructed to leave bodies in place. What remains to be seen is whether or not the social impacts concerning the realisation of how precarious the human condition is may then translate to economies organised around more sustainable, ecological concerns centred around human well-being, which need not be a signal for wholesale ideological change but the recalibration of global capitalism, and perhaps even a reversal of the [social distancing of the U.S.](#) from the global world order.

Conclusion

This policy outlook has outlined the contours of some of the major political, economic, and social, effects and debates the SARS-CoV-2 coronavirus outbreak has incited thus far. With examples drawn from Italy, Germany, Spain, and France, the article has attempted to match some of main tenants of the fallout, proven or projected, with the situation on the ground. A great deal of the conversation emanates from idealised ideologies in the abstract seamlessly translated into the various political, economic, and social, effects of the pandemic. The political debate can be crude and the reality far more complex, with the situation exploitable by both populists of West and authoritarian regimes around the world. From the economic perspective, the double-edged sword of globalisation may alert decision-makers to the sheer interconnectivity of the contemporary global system, at the expense of zero-sum paradigms at the nation state level, and help build resilience to such shocks in the future, with added emphasis on initiatives such as the Green Deal in Europe. From the social perspective, the shock of the pandemic and the precariousness of life may encourage alternative social habits, and a renewed interest in techno-scientific developments and the economic basis of modern ways of life may emerge for years to come.