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ARTICLES Άρθρα

Sevaste Chatzifotiou, Despoina Andreadou, Parenthood in the light of the attachment theory. New challenges for social welfare professionals

Georgios Filippidis, Internet addiction and other problematic online behaviors among teenagers

Evripidis Papadimitriou, Defining green social work

DIALOGUE Διάλογος

Konstantinos Georgiadis, Political theology in recent case-law on Religious Education in Greece: "religious consciousness" vs "religious conscience" within the Greek Constitution

COMMENTS Σχολιασμός

Uwe Malich, Die demographische Schwäche Ostdeutschlands

Marina Angelaki, Social Policy after the COVID-19 Pandemic



Social Policy after the COVID-19 Pandemic

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The coronavirus pandemic has been addressed primarily as a global health crisis, yet the challenges posed as the crisis unfolds are not limited to the health sector alone, but spread to the economies and societies. As a response, governments around the world have taken a series of measures in their efforts to mitigate the pandemic's impact on workers and households. Variations in the emergency measures enacted depend on the exposure of each country to the pandemic and the readiness of its health system, its fiscal capacity and institutional setting.

In Greece, the announcement of the first laboratory-confirmed cases of COVID-19 in late February led to the introduction of quarantine/ confinement measures in the regions affected, before the adoption of travel and movement restrictions at national level, along with the obligatory shut down of economic activities. In the health sector, the first measure enacted was the hiring of 2.000 health professionals on a two-year contract basis, in addition to 950 doctors and nurses that had already been hired. Funding was also provided to contract private hospitals and laboratories to provide facilities (OECD 2020).

Turning its attention from the health sector to the economy, the Greek government introduced a series of income support measures for individuals and households. An 800-euro payment (in addition to the payment of health and social insurance contributions) was introduced targeting different categories, such as employees whose contracts have been temporarily suspended as the enterprises in which they work have seen a sharp drop in turnover, in addition to self-employed, free-lancers, and employees made redundant since the beginning of March. The initial list of beneficiaries was subsequently revised to cover more categories of workers whose employment conditions have been affected by the pandemic. Employees whose contract has been suspended will also benefit from a 40% reduction of their monthly rent for their main residence for the months of March and April. In the case of liberal professions, economic support will be provided in the form of a training voucher (600 euros). Furthermore, the regular unemployment, the long-term unemployment and the unemployment benefits for free lancers will be provided for two additional months to current beneficiaries, while a one-off allowance of 400-euros for long-term unemployed was also announced in mid-April. For employees of the public sector with children below the age of 15 a special leave has been introduced to facilitate parents while schools are closed (OECD, 2020). Furthermore, parents will be exempted from paying for services which are no longer provided (such as school meals, transport to and from schools, and other extra curriculum activities).

Following a decade of austerity and the introduction of major cuts in its health sector (in addition to the introduction of significant retrenchment in other social policy programmes) as prescribed in the economic adjustment programmes agreed with the European Commission, the European Central Bank and the International Monetary Fund, the hiring of health professionals has been a much-needed (yet still small) step to strengthen the Greek health system in the face of the crisis. The announcement in March by the Prime Minister that short-term contracts will gradually be converted to indefinite period ones (Μπουρδάρας 2020), highlights the shortages of personnel in addition to those of infrastructure and equipment. In this context, the confinement measures have also been understood as a way to ease the pressure on the health system that would otherwise have been unable to respond effectively to the pandemic. The extension of unemployment support enacted to mitigate the effects of COVID-19 can also be understood as a limited attempt

(an emergency-type measure) to enhance a system that is not among the most generous or effective ones in protecting the unemployed. At the same time though, concerns have been raised regarding the access of vulnerable groups such as the homeless, refugees and Roma to social protection and health services during the pandemic, but more importantly regarding the extent at which the measures adopted to mitigate the effects of the crisis can effectively reach and protect these groups (ΕΛΕΔΑ, 2020).

The Greek response is no different from those of other countries around the world who have opted for Keynesian type measures as a response to the current crisis. While the relative low death rates in Greece (partly resulting from the strict confinement measures adopted) give some room for optimism in terms of how the country has managed to deal so far with the crisis, there is no doubt that the pandemic has highlighted (and exacerbated in some cases) inequalities, while it will most certainly increase social risks in the medium to long-term. The similarity of the policy responses has in turn stimulated a debate among welfare state scholars regarding the extent at which these temporary and ad hoc measures can lead to more lasting changes in social policy. Looking at the experiences of Canada and the USA during the crisis of 1929 and 2009 Beland (2020) argues that important factors to consider in assessing the extent at which crises can create the conditions for more lasting changes in social policy are the duration of the crisis (as the longer it lasts the more likely it will lead to more durable changes), the institutional features of a country at the time of the crisis and any partisan shifts that may occur, but which may have an impact even after the end of the crisis.

We argue that the EU dimension is an additional factor to be considered in discussions on the nature of the welfare state in EU countries in the post-pandemic era. The proposal for issuing “coronabonds” was rejected, while the resistance of member states to further integration in the health sector has also been strongly resisted, at least until now (May 2020). Nonetheless, the EU member states have agreed to depart from the budgetary requirements that would normally apply under the Stability Pact to allow member states to tackle the economic consequences of the pandemic. Obviously, the fiscal room has not been the same, with countries of Southern Europe such as Greece or Italy being in a less favorable situation. Other measures agreed upon over the past months include the mobilization of funds to support national health care systems, as well as of Cohesion Policy funds to address the effects of the public health crisis, the introduction of flexibility to allow member states to reach out to the most vulnerable, and the setting up of SURE instrument to help member states cover the costs of short-time work schemes to preserve employment, thus supporting “job insurance” rather than “unemployment insurance” (Commission EC, 2020a). The most recent and probably boldest initiative relates to the Commission’s proposal of a post-pandemic recovery plan announced in late May. The latter relies both on the EU budget (2021-2027) and a special 750-billion-euro recovery instrument (Next Generation EU) divided in 500 billion euros given to EU countries as grants and 250 billion given as loans. To do so, the Commission will issue bonds on the financial markets on behalf of the EU (Commission EC, 2020b). While the proposal leaves room for optimism, the final decision is expected to be adopted at the end of 2020 following the usual process of lengthy negotiations. It has also been noted that the recovery funds are concentrated in the period 2020-2024 (whereas the Multiannual Financial Framework spans over the period 2021-2027) as a return to the fiscal status quo is expected from 2025 (Ανδρέου, 2020). It is thus obvious, that for EU member states the welfare state that will emerge after the crisis will result not only from the interplay of domestic institutional and economic conditions, but also from European-level developments.

The recent crisis has once again highlighted the importance of European solidarity, much needed during these turbulent times. Interesting discussions are taking place regarding its nature: whether for example this should take the form of a single giant scheme in the form of a “European Emergency Solidarity Facility” or different schemes including a fully-fledge European unemployment re-insurance scheme (thus shifting the focus for the current protection of employment to unemployment, and at the same time signaling the EU’s automatic response to severe shocks) and a minimum income guarantee (Ferrera et al., 2020). Effective policy responses from the EU will also need to be coupled with transnational mechanisms of crisis management and resolution as well as an understanding of how different crises like the COVID-19 intersect with others like the economic and the migration crises (Bozorgmehr et al, 2020). The choices made for the post-pandemic era will not only affect the nature of European welfare states, but also the very nature of the European integration process. Failure to respond adequately could open the window to a new existential crisis with unknown results.

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