



Press Release

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The Indispensability of the Welfare State during the COVID-19 Crisis

Updated study by the MPI for Social Law and Social Policy on measures to maintain employment, the economy and social protection

As the second wave of the coronavirus hits Europe and lockdowns are again imposed, a quick recovery of the economy seems increasingly unlikely. In order to mitigate the negative consequences of the crisis, countries have extended or rebooted comprehensive social policy programmes. The Max Planck Institute for Social Law and Social Policy now presents an updated analysis of the measures taken in Germany, France, England, Denmark and Italy. They share one phenomenon, as Prof. Ulrich Becker, Director at the Institute and head of the study, points out: “We observe a shift in the distribution of responsibility. States compensate for crisis-related damages and do not hold the individual accountable.”

The new Working Paper evaluates the crisis measures adopted between March and the beginning of November. The social policy toolkit contains various pandemic-specific measures, which can be found in a slightly modified form in all countries. One of the most important instruments used is compensation for short-time work or partial unemployment in order to maintain jobs. Access to unemployment benefits has also been made easier everywhere and activation measures and sanctions have often been suspended.

In order to stabilise the economy, all five countries have granted tax breaks, loans on favourable terms and the possibility of deferring social security contributions to companies. The self-employed and smaller companies have also received cash benefits to compensate for loss of earnings caused by the crisis, even though the level differs from country to country.

There have also been simplifications, and in some cases improvements, in the receipt of basic income support benefits. However, socio-political contradictions can be observed here: On the one hand, if possible, those affected by the recession should not have to rely on receiving this assistance, which is why special benefits have been introduced. On the other hand, access to basic income support has been made easier, which means that its

main feature, indigence as a precondition for receiving benefits, has temporarily been removed.

The Crisis Reveals Deficits in Europe's Social Protection Systems

The pandemic with all its hardships sheds a spotlight on the social protection architecture in each of the countries. Since the measures had to be implemented quickly and incorporated into pre-existing social protection infrastructures, they make deficits in the systems particularly visible: Germany urgently has to improve access to social protection for the self-employed and needs to put much more effort into the support of children and families. Italy, which was hit early and especially hard by the pandemic, struggles with a fragmented, often ineffective and incomplete social protection system.

In England, which traditionally has a wide-meshed social security net, it is estimated that despite a range of far-reaching crisis measures, about 3 million individuals are excluded from government support schemes. Those who receive assistance often face long waiting periods, as benefits are paid out with considerable delay. By contrast, the crisis management in Denmark has been almost exemplary: the consensus model of the welfare state has made it possible to temporarily modify even core principles such as 'flexicurity' and to protect jobs and incomes through the swift adoption of a wide range of support schemes.

In sum, the researchers conclude that the crisis measures that aim at providing quick and simple solutions are not well-suited as blueprints to better target and coordinate social benefits on a more long-term basis. However, the COVID-19 crisis presents an opportunity to draw socio-political conclusions and thus provides a variety of impulses for a new discussion of fundamental questions concerning the guiding principles and structures of the welfare state once the crisis has been overcome.

Working Papers:

Becker, Ulrich; He, Linxin; Hohnerlein, Eva Maria; Seemann, Anika; Wilman, Nikola: *Protecting Livelihoods in the COVID-19 Crisis: Legal Comparison of Measures to Maintain Employment, the Economy and Social Protection*, Updated Version, MPISoc Working Papers Law, Volume 7, November 2020.

Becker, Ulrich; He, Linxin; Hohnerlein, Eva Maria; Seemann, Anika; Wilman, Nikola: *Existenzsicherung in der Coronakrise: Sozialpolitische Maßnahmen zum Erhalt von Arbeit, Wirtschaft und sozialem Schutz im Rechtsvergleich*, MPISoc Working Papers Law, Volume 6, May 2020.

Both publications from the series *Working Papers Law* of the Max Planck Institute for Social Law and Social Policy are available open access on [our website](#).

For interview requests please contact Dr. Julia K. Hagn,
Public Relations, phone: +49 (0)89/38602428, e-mail: hagn@mpisoc.mpg.de