

Social protection in times of plague and beyond

Authors contribution:

A – Research project
B – Data collection
C – Statistical analysis
D – Data interpretation
E – Manuscript preparation
F – Literature analysis
G – Fundraising

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Introduction: As historically verified, countries with comprehensive, well designed social protection systems in place are better prepared to cope with large scale catastrophes of all kinds, always in such situation there is still a need for government interventions other than social protection and larger scale discretionary social protection or related interventions.

Objective: The article presents the actions of countries to minimize the negative social effects of the COVID-19 pandemic. The text is an attempt to answer how social security systems should be adapted to aforementioned crisis?

Materials and methods: The text uses research methods such as: literature criticism and statistical analysis of data and revision of implemented state intervention policies based on reports of Organisation for Economic Co-operation and Development, International Labour Organization, European Foundation for the Improvement of Living and Working Conditions and International Monetary Fund.

Results: 1) For social security institutions of key importance to ensure continuity of operations of all services – of contributory social insurance as well of social assistance – was to ensure continuous payment of all benefits due and quick response to the new entitlement emerging. It is also necessary to ensure that all citizens are fully insured, regardless of the form of contract under which they perform work. 2) In many countries, special emergency measures that extended coverage and increased benefits were taken by governments without clearly identifying the sources of funding and very often burdening social security funds with non-statutory expenses and affecting their long-term financial sustainability. 3) In the longer run, there is a need to ensure universal health care coverage of the adequate quality, there is a need to develop policies which will secure at least minimum income security to all – independently of their labour market status, forms of employment, sex, ethnicity or nationality.

Key words: cash transfers, COVID-19, crisis response, social assistance, social protection

Zabezpieczenie społeczne w czasach zarazy i po niej

Wprowadzenie: Jak zweryfikowała historia, kraje o kompleksowym, dobrze zaprojektowanym systemie zabezpieczenia społecznego są lepiej przygotowane do radzenia sobie z wszelkimi wielkimi katastrofami, zawsze bowiem w takiej sytuacji potrzeba interwencji rządowych, innych niż zabezpieczenie społeczne, szeroko zakrojone uznaniowe zabezpieczenie społeczne lub powiązane z tym przedsięwzięcia.

Cel: W artykule przedstawiono działania krajów minimalizujące negatywne społeczne skutki pandemii COVID-19. Tekst jest próbą odpowiedzi na pytanie, w jaki sposób systemy zabezpieczenia społecznego powinny być dostosowane do wspomnianego kryzysu.

Materiały i metody: W tekście zastosowano metody badawcze takie jak: krytyka literatury, analiza statystyczna danych i przegląd realizowanych państwowych polityk interwencyjnych na podstawie raportów Organizacji Współpracy Gospodarczej i Rozwoju (Organisation for Economic Co-operation and Development), Międzynarodowej Organizacji Pracy (International Labour Organisation), Europejskiej Fundacji na rzecz Poprawy Warunków Życia i Pracy (European Foundation for the Improvement of Living) oraz Międzynarodowego Funduszu Walutowego (International Monetary Fund).

Wyniki: 1) Dla instytucji zabezpieczenia społecznego kluczowe znaczenie, aby zapewnić stałe działanie każdej usługi: składkowego ubezpieczenia społecznego, jak i pomocy społecznej, miały zagwarantowanie ciągłości wypłaty wszystkich należnych świadczeń oraz szybka reakcja na pojawienie się nowego uprawnienia. Należy również zadbać, aby wszyscy obywatele byli w pełni ubezpieczeni, niezależnie od formy ich zatrudnienia. 2) W wielu krajach rządy podjęły nadzwyczajne środki o rozszerzonym zakresie i zwiększyły świadczenia, ale bez wyraźnego wskazania źródeł finansowania – bardzo często obciążając tym samym fundusze zabezpieczenia społecznego pozaustawowymi wydatkami, co wpłynęło na ich długookresową stabilność finansową. 3) Na przyszłość trzeba zapewnić powszechną opiekę zdrowotną na odpowiednim poziomie, a także opracować polityki, które zapewnią wszystkim przynajmniej minimalnie zabezpieczenie dochodu – niezależnie od ich statusu na rynku pracy, formy zatrudnienia, płci, pochodzenia etnicznego czy narodowości.

Słowa kluczowe: transfery pieniężne, COVID-19, reagowanie kryzysowe, pomoc społeczna, zabezpieczenie społeczne

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Introduction

Social protection systems are usually composed – in differing proportions of contributory schemes (mainly social insurance) and non-contributory ones (universal and targeted) and altogether should ideally be designed to prevent people – over their life cycle – from falling into poverty due to sickness, disability, old-age, maternity, family obligations, unemployment or the loss of income as a result of other contingencies. Social protection systems which meet the above objectives can be seen as comprehensive and adequate (as recommended by International Labour Organization (ILO) Social Protection Floors recommendation, No. 202). Universal, comprehensive and adequate social protection systems react automatically to many shocks resulting in a loss of health, employment, income, housing etc.: to provide affordable health care services and income replacement to those falling sick (or whose family members are sick or need care for other reasons) and thus are unable to work, to provide replacement for lost labour income to those unemployed (fully or partially), to provide income support and necessary services to all needing such support. Ugo Gentilini¹ as well as the authors of the World Bank paper in this issue² quote one of the World Bank's country directors:

the COVID pandemic has shown that in times of stress a comprehensive social protection system is as important as a central bank.

That is a very true description, obviously, however, even universal, comprehensive and adequate social protection systems cannot be prepared to be sufficient to cope alone with all the economic and social consequences of large-scale natural disasters, wars or global pandemics. As shown during the years 2020–2021, and before at times of major natural disasters,³ countries with comprehensive, well designed social protection systems in place are better prepared to cope with large scale catastrophes of all kinds, while always in such a situation there is still a need for government interventions other than social protection and larger scale discretionary social protection or related interventions.

The size and design of social protection systems are always a result of social contracts in which society decides how many resources it wishes to allocate to social protection and in what way, and this social contract determines how universal, comprehensive and adequate these systems are. Of course, as attitudes towards redistribution and on spending priorities in societies change over time and as demographic, social and economic circumstances evolve, social protection systems

¹ U. Gentilini, *Cash Transfers in Pandemic Times: Evidence, Practices, and Implications from the Largest Scale Up in History*, Washington, D.C. 2022, <https://openknowledge.worldbank.org/handle/10986/37700> (22.2.2023).

² S. Anderson, G. Rowe et al., *Seismic Shift or Flash in the Pan? Insights from World Bank's Early Social Protection Responses to COVID-19*, "Ubezpieczenia Społeczne. Teoria i praktyka" 2023, No. 1.

³ Good examples being the situations following the tsunami in Sri Lanka which happened at the end of 2004, and hurricane Katrina in Florida in 2005. In the first case, thanks to nearly universal health care system in the country, at least access to health care services was not a major problem for the victims of the natural disaster, but it was a major problem in Florida, due to the coverage limitations of the US health care system.

are reformed to adapt them to the new environment and challenges. The directions of these reforms shape also the capacity of social protection systems to react to the economic and social crises.

Challenges of COVID-19 pandemic to social protection systems

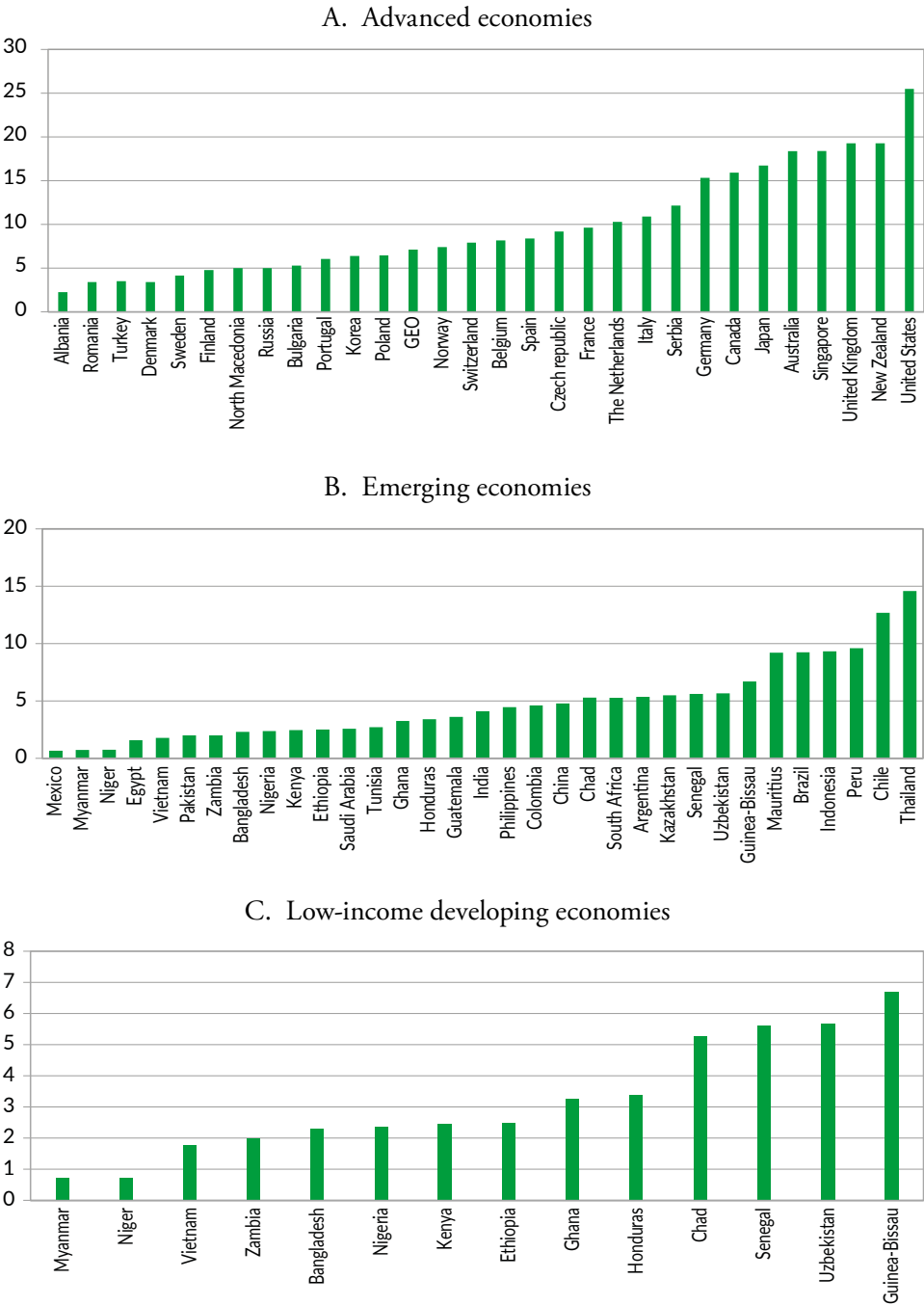
COVID-19 was the most severe global pandemic since the Spanish flu of 1918–1919, and globally it threatened millions of lives. To fight the pandemic and to limit its death burden, governments all over the world imposed in the spring of 2020 drastic measures locking down the economic activities and bringing significant parts of the economy to a halt. The economic consequences were dramatic with unemployment rising and GDP falling at unprecedented rates. The economic literature that emerged quickly at the outbreak of pandemics suggests that the enormous value of potential life losses and collapses of national health care systems, may have justified such drastic measures, even if they result in losses in the order of 10, 20, 30% of GDP or higher⁴ (see also different editions of International Monetary Fund (IMF) World Economic Outlook and Organisation for Economic Co-operation and Development (OECD) Economic and Employment Outlooks from 2020–2021). Stopping economic activity at this scale results in huge losses in household incomes. Such a shock needed to be absorbed at the individual and country level.

To cushion the shock, central banks loosened monetary policy and governments announced fiscal stimuli packages, financed mainly via additional public debt. The total fiscal measures announced amount to more than 10% of GDP in many countries.⁵ Figure 1 shows the size of discretionary fiscal measures in the form of either additional expenditure or foregone revenue (reductions or postponements of taxation) in three groups of countries: low, middle and high income. As one can see only richer countries could afford a very large fiscal effort. Social protection was only a certain part of these additional expenditure. However, one can clearly see that even among high income economies, many countries with strong social systems have not needed dramatically high additional expenditure. There are of course exceptions to this general pattern, as countries significantly differed in their decisions both concerning the lengths and depths of the economic lockdowns applied and the size and character of the stimulus packages chosen.

⁴ See R. Hausmann, U. Schetter, *Horrible Trade-offs in a Pandemic: Lockdowns, Transfers, Fiscal Space, and Compliance*, Centre for Economic Development at Harvard University, CID Faculty Working Paper No. 382, July 2020.

⁵ International Monetary Fund, *Fiscal Monitor Database of Country Fiscal Measures in Response to the COVID-19 Pandemic*, 2020, <https://www.imf.org/en/Topics/imf-and-covid19/Fiscal-Policies-Database-in-Response-to-COVID-19> (22.2.2023).

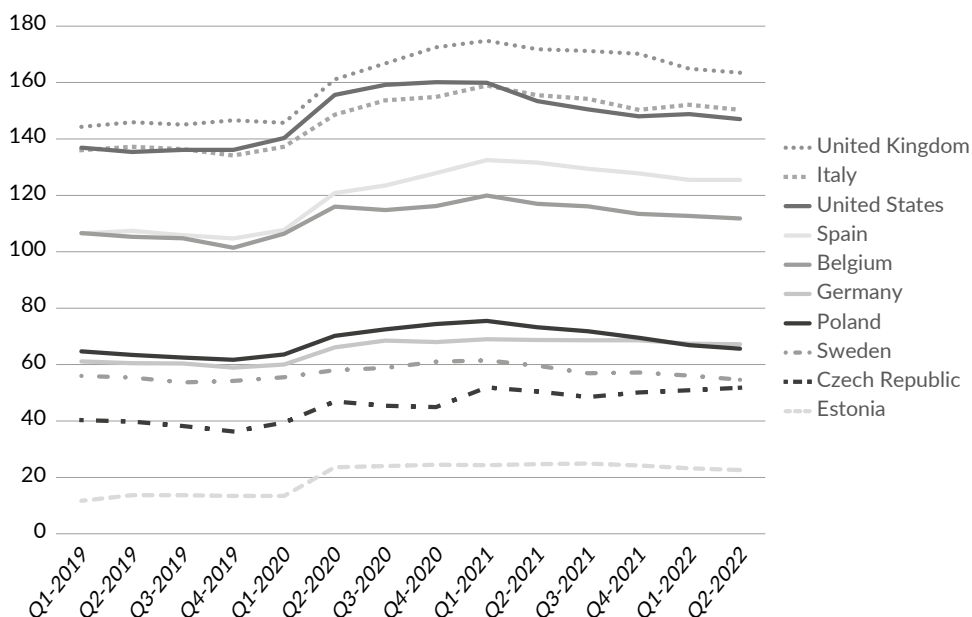
Figure 1. Discretionary fiscal responses to COVID-19 crisis (additional spending and foregone revenue) – percentage of GDP (estimates as of September 27, 2021, October 2021 World Economic Outlook)



Source: database of Country Fiscal Measures in Response to the COVID-19 Pandemic; and IMF staff estimates

As one can see in Figure 2, at the end, at least for the selected OECD countries⁶ for which data are presented, increases in public debt were substantial – but again the situation differs from country to country, depending on the size of the stimulus packages and the pre-crisis debt levels.

Figure 2. General government total gross debt (as percentage of GDP) in selected OECD countries

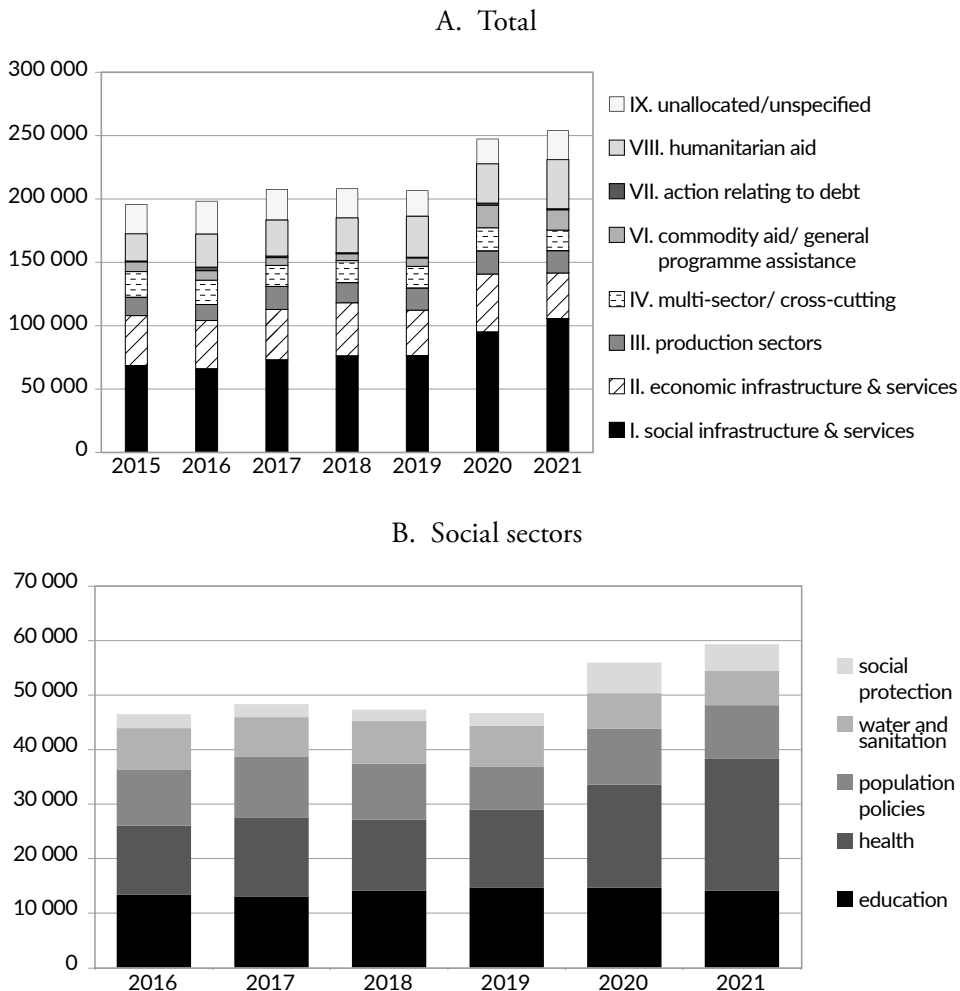


Source: based on data extracted from OECD.Stat database, <https://stats.oecd.org/> (22.2.2023)

Low-income countries with limited fiscal capacity had to additionally rely on development assistance from bilateral and multilateral donors (like the World Bank, whose interventions are described in detail in the paper by the World Bank authors in this issue). Figure 3 presents the significant increase in the value of the official development assistance during the period 2020–2021. From Figure 3B one can also see that most of the increased allocation of development aid went to the health sector, while aid to the non-health social protection sector (mainly different forms of social assistance) also increased although aid to this sector still forms a relatively tiny part of the overall development aid.

⁶ We selected countries which differ with respect to size and comprehensiveness of their public social expenditure and included countries in which special COVID-19 measures are discussed in the papers included in this issue. Unfortunately, however, one must limit the presentation of the many statistical indicators to OECD countries, as even in the IMF databases there are still significant gaps that do not allow one to see an up-to-date, full picture of the changes in the public finances of developing countries, and to see the functional split of public expenditure.

Figure 3. Official development assistance (commitments), million USD, constant prices



Source: OECD International Development Statistics (database); <https://doi.org/10.1787/data-00073-en> (24.1.2023)

As has been stressed in various monitoring reports⁷, COVID-19 led to massive labour income losses worldwide. The stimulus packages adopted in many countries attempted to partially compensate for these losses and at the same time to retain employment as much as possible, to prevent mass increase in unemployment and eventually to revive economic activity and economic growth to its previous levels.

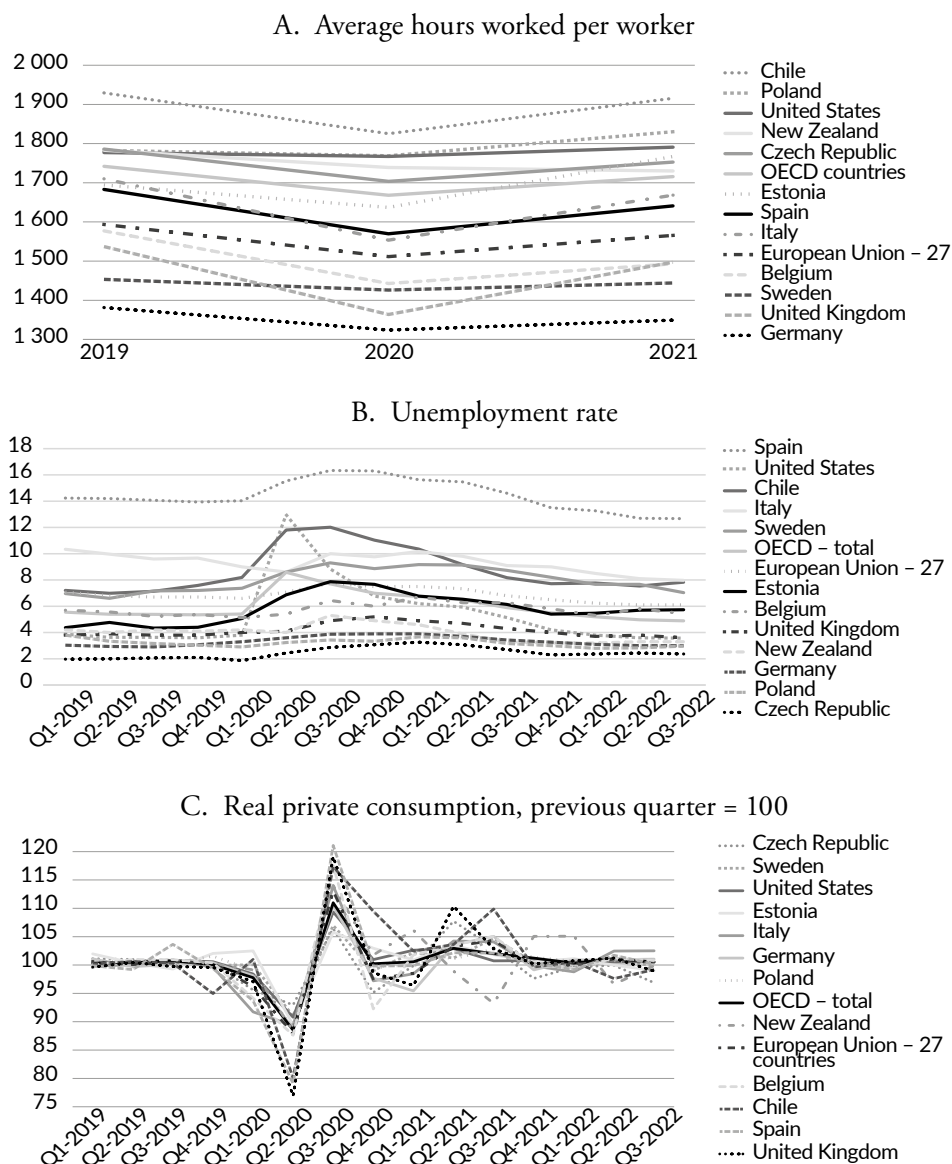
Social protection and related measures were the key elements of the stimulus packages adopted. It is still an open question as to what extent these measures brought expected

⁷ U. Gentilini, M. Almenfi et al., *Social Protection and Jobs Responses to COVID-19: A Real-Time Review of Country Measures*, World Bank, Washington, D.C. 2022 – consecutive versions; International Labour Organization, *ILO Monitor. COVID-19 and the world of work: Impact and policy responses. Updates estimates and analysis*, Geneva 2020, consecutive versions).

results. In European countries, in contrast – for example – to the United States, measures aimed at retaining employment were dominant and were relatively successful with increases in unemployment being moderate.

The following figures (Figure 4) show the changes, during consecutive quarters of 2020–2021, in selected countries with respect to three indicators: hours worked, the unemployment rate and the growth of real private consumption.

Figure 4. Changes in hours worked, unemployment rate and growth of real private consumption in selected countries during 2020–2021



One can see that countries differed substantially with respect to the depth of decline in working hours in 2020 (the smallest being in Germany, Sweden and the United States), increase in unemployment in the same year (the highest in the United States, Chile, Spain, Italy and Estonia), and the decline in private consumption in the second quarter of 2020 (the deepest being in United Kingdom, Spain and Chile).

Although many economists⁸ insisted already at the beginning of pandemics that concerns as to a danger of an imminent public debt crisis had been exaggerated and should not be allowed to shape fiscal policies, but memories of the chain of events following the global financial and economic crisis of more than a decade before, did not allow for much optimism. While stimulus packages, including generous social protection interventions, played a very important role in cushioning the impact of the global economic crisis of 2007–2009,⁹ very soon “deficit hysteria” and “debt doomsayers” (according to the terminology used by Paul Krugman in his New York Times column¹⁰ – see for example) won, and austerity policies replaced stimulus packages deepening the crisis in many countries and delaying the recovery.¹¹

OECD data released at the beginning on 2023 which provide an update of its social expenditure database (including estimates for 2022¹²), allow one to track changes in social protection expenditure during both – very different in their origins and nature – recent global crises: the economic and financial crisis of 2007–2009 and the COVID-19 pandemic of 2020–2021. The following figures show – for the period 2000–2022, changes in three indicators: the share of social protection expenditure in GDP, and real growth indices (2015 = 100) of social protection expenditure on the

8 P. Krugman, *The case for permanent stimulus* [in:] *Mitigating the COVID Economic Crisis: Act Fast and Do Whatever It Takes*, eds. R. Baldwin, B. Weder di Ma, 2020; J.E. Stiglitz, *Priorities for the COVID-19 Economy*, Project Syndicate, 2020, <https://www.project-syndicate.org/commentary/covid-2020-recession-how-to-respond-by-joseph-e-stiglitz-2020-06?barrier=accesspaylog> (22.2.2023); J.E. Stiglitz, H. Rashid, *How to Prevent the Looming Sovereign-Debt Crisis*, Project Syndicate, 2020, <https://www.project-syndicate.org/commentary/how-to-prevent-looming-debt-crisis-developing-countries-by-joseph-e-stiglitz-and-hamid-rashid-2020-07> (22.2.2023); Ch. Wyplosz, *So far, so good: And now don't be afraid of moral hazard* [in:] *Mitigating the COVID Economic Crisis...*, op. cit.

9 C. Behrendt, F. Bonnet et al., *Social security: Three lessons from the global crisis* [in:] *The global crisis. Causes, responses and challenges*, 2011; F. Bonnet, E. Ehmke, K. Hagemeyer, *Social security in times of crisis*, “International Social Security Review” 2010, No. 63; doi:10.1111/j.1468-246X.2010.01361.x; International Labour Organization, *Assessment of the Social Security Responses to COVID-19: Lessons from the Western Balkans and Eastern Europe during the first stage of the pandemic*, ILO Decent Work Technical Support Team and Country Office for Central and Eastern Europe, Budapest 2021; N. Prasad, M. Gerecke, *Social Security Spending in Times of Crisis*, “Global Social Policy” 2010, No. 10(2); doi:10.1177/1468018110366627; J.E. Stiglitz, *The global crisis, social protection and jobs*, “International Labour Review” 2013, Vol. 152; doi:10.1111/j.1564-913X.2013.00165.x.

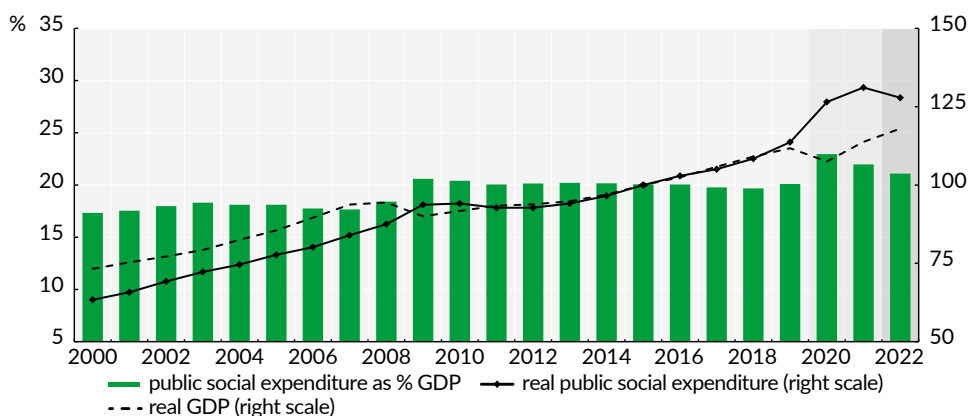
10 See: P. Krugman, *Debt, Doomsayers and Double Standards. Selective deficit hysteria has done immense damage*, “New York Times” 28 October 2019.

11 I. Ortiz, M. Cummins, *The Age of Austerity: A Review of Public Expenditures and Adjustment Measures in 181 Countries*, 2013; <http://dx.doi.org/10.2139/ssrn.2260771>; I. Ortiz, M. Cummins et al., *The Decade of Adjustment: A Review of Austerity Trends 2010–2020 in 187 Countries*, ESS Working Paper No. 53, Extension of Social Security Series, Geneva 2015.

12 See Organisation for Economic Co-operation and Development, *Social Expenditure (SOCX) Update 2023: The rise and fall of public social spending with the COVID-19 pandemic*, OECD, Paris 2023, <http://www.oecd.org/social/expenditure.htm> (22.2.2023).

one side, and GDP on the other. For the OECD average, one can see that while until 2007 the share of social protection expenditure in GDP was slightly decreasing (this expenditure was growing slower than GDP), the year 2008 brought a one-off increase in the share of social expenditure in GDP from 18.4% in 2008 to 20.6% in 2009. Starting in 2010, however, social expenditure started to grow slightly slower than GDP and thus the share of social expenditure in GDP slowly but gradually decreases to reach 19.7% in 2018 (thus still a higher level than in 2008). After social protection expenditure to GDP ratio slightly increased in 2019, it jumped counter cyclically (as GDP declined) to an estimated 23%. But then, very quickly, with the economic recovery, social expenditure to GDP ratio started to decline, to 22% in 2021 and to 21% in 2022.

Figure 5. Public social spending in % of GDP and real public social spending and real GDP (index 2015 = 100, right scale), on average across the OECD 2000–2022



Source: OECD Social Expenditure database, 2023 update (www.oecd.org/social/expenditure.htm)

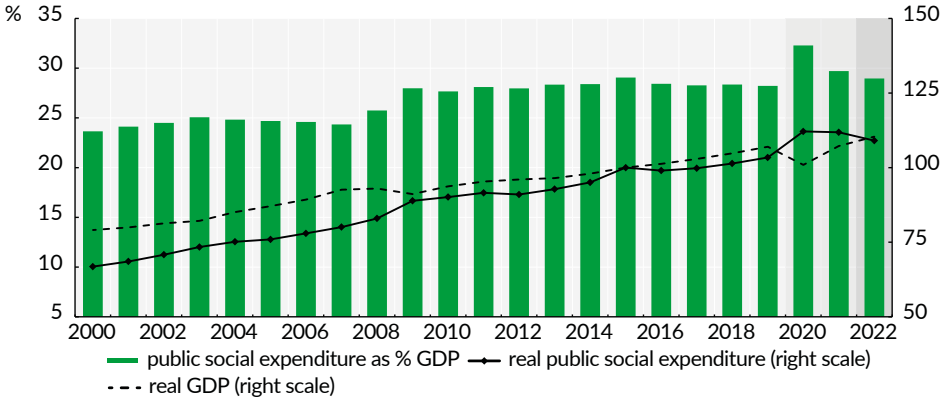
It would be much better to look at social protection expenditure with long-term benefits like pensions, as it is short-term benefits which react to economic slow-downs (unemployment benefits and other labour market programmes) and to contingencies like the COVID-19 pandemic (sickness and care benefits, health care expenditure). Unfortunately, one has to wait another few years for the sufficiently disaggregated data for the periods 2000–2021 to be fully available.

Let us look at changes in social expenditure over the last twelve years in selected countries.¹³ We look first at six countries with extensive, “continental” type social protection systems with dominating roles of social insurance: Belgium, Germany, Italy, Spain, Sweden and Poland.

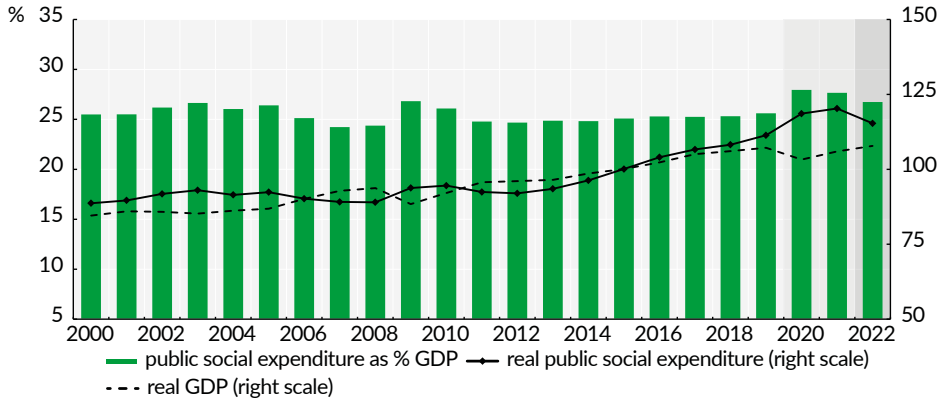
¹³ Some measures and policies undertaken during the COVID-19 pandemic in those European countries selected for expenditure changes analysis (except for Poland) are analysed in two papers included in this issue: see the papers by Adrianna Binaś and Hlib Filipchuk.

Figure 6. Public social spending in % of GDP and real public social spending and real GDP (index 2015 = 100, right scale), in Belgium, Germany, Italy, Spain, Sweden and Poland

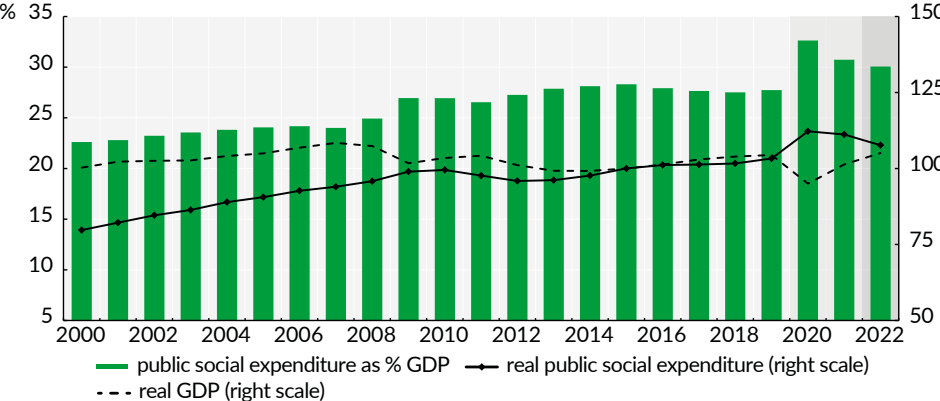
A. Belgium



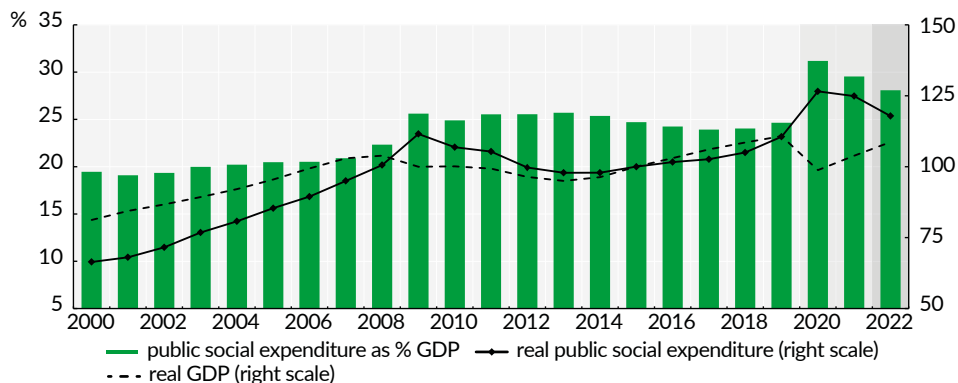
B. Germany



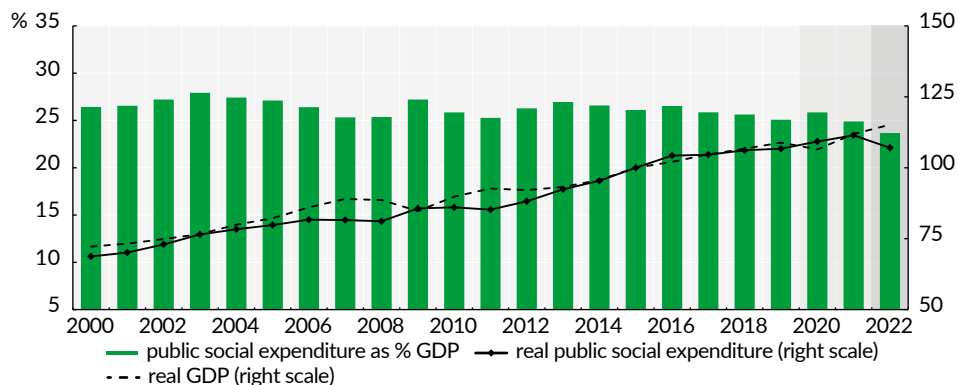
C. Italy



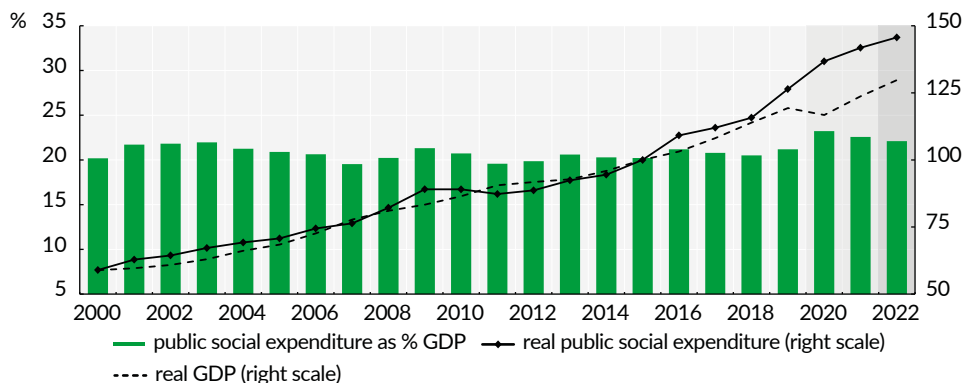
D. Spain



E. Sweden



F. Poland



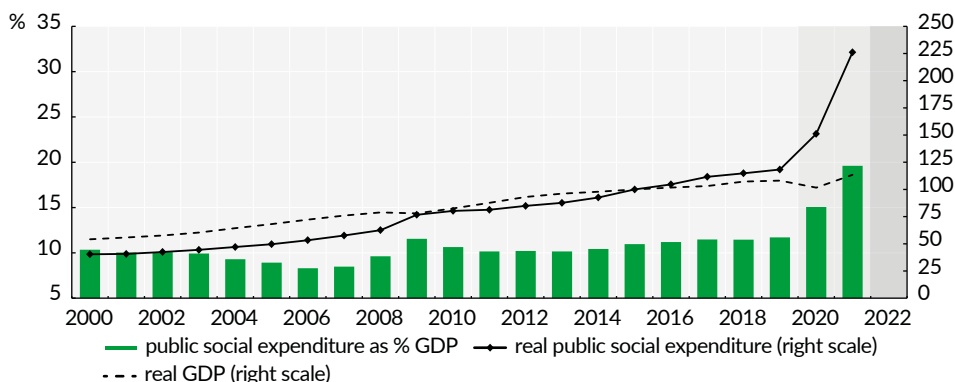
Source: OECD Social Expenditure database, 2023 update (www.oecd.org/social/expenditure.htm)

In all the above countries expenditure on pensions constitute a dominating part of social protection expenditure, this is one of the reasons why total expenditure fluctuates less than in those countries where public pensions are less generous, and the coverage is

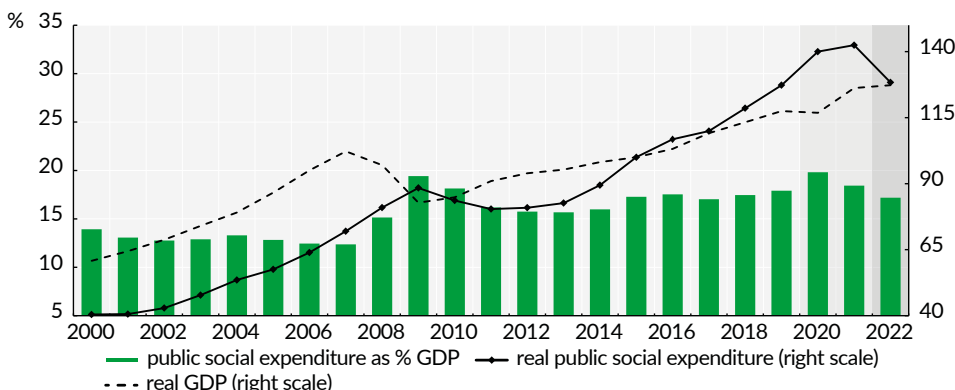
narrower – compare the developments of the countries presented at Figure 8. But still everywhere, maybe with the exception of Sweden and Poland, in 2020 there was a substantial increase in the social protection to GDP ratio and a visible anticyclical tendency in social protection expenditure – mainly including expenditure on health care, sickness and unemployment benefits, but also additional cash transfers to households. The increase in expenditure in Sweden was much smaller – partly due to the lockdown policies employed being quite different in comparison to many other countries, and also partly to the specific behaviour of pension expenditure: the balancing mechanism embedded into the Swedish pension system results sometimes in pro-cyclical changes in pension amounts. In Poland, there was – like in other countries – a countercyclical increase in social protection expenditure in 2020, however at the same time – very differently than in the majority of the countries analyzed – social protection expenditure grows faster than GDP for the whole period post 2015 (in a substantial change in the pattern, compared to most of the earlier years, post 2000).

Figure 7. Public social spending in % of GDP and real public social spending and real GDP (index 2015 = 100, right scale), in Chile, Estonia, New Zealand, the United Kingdom, the United States

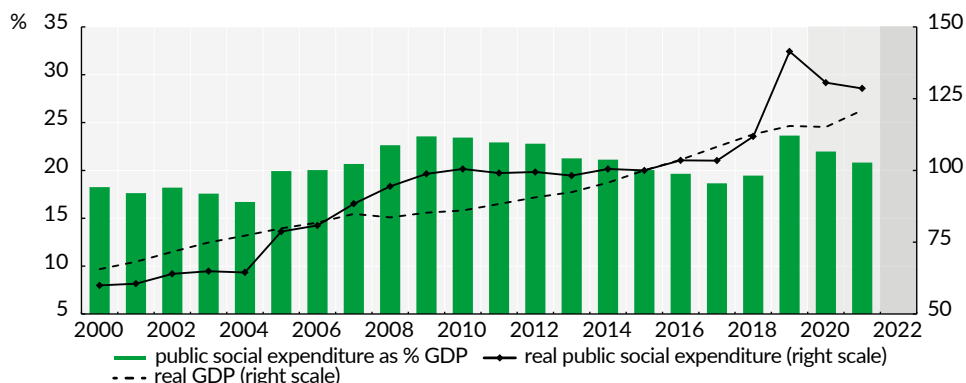
A. Chile



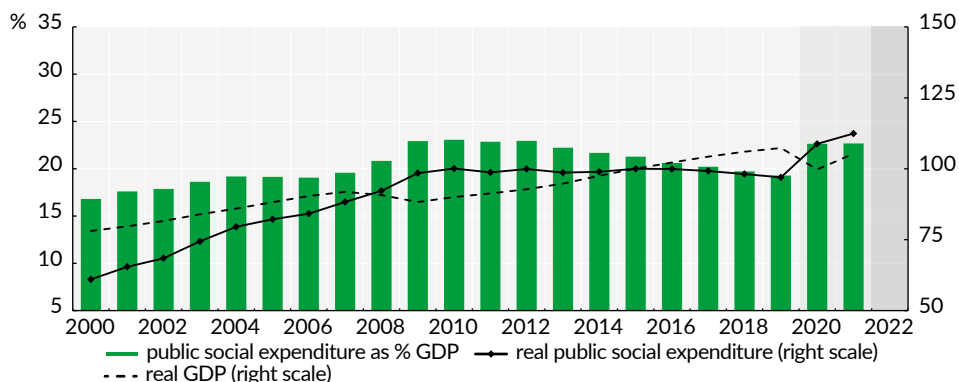
B. Estonia



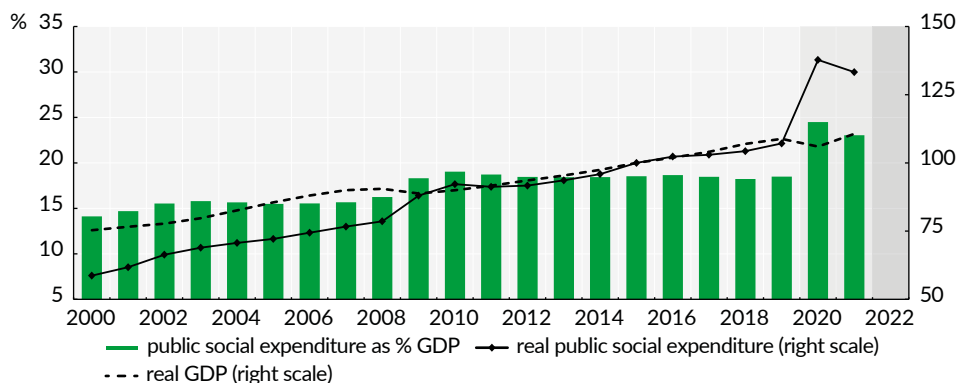
C. New Zealand



D. United Kingdom



E. United States



Source: OECD Social Expenditure database, 2023 update (www.oecd.org/social/expenditure.htm)

Germany and Poland had relatively small increases in unemployment rates during 2022, while Spain had the highest increase in unemployment over the same period – something that is also reflected in the profile of changes in social protection expenditure in 2020 and 2021.

The countries presented in Figure 8 all have social protection systems quite different from each other. Compared to the previous group, they all have a much less generous public pension system and thus generally lower level of overall social protection expenditure. Greater shares of expenditure on short-term social insurance benefits and on social assistance, means tested benefits, is probably one of the reasons that the expenditure of GDP ratios and social protection expenditure growth rates fluctuate more than in the previous group of countries. Smaller social protection systems increase the need to discretionary, *ad hoc* expenditure in a crisis – visible in stronger increases in expenditure during the 2020–2021 COVID-19 crisis.

How social protection systems had to be adjusted to COVID-19 crisis?

Already the first several months of pandemic brought with it a very rich subject literature discussing the role of various social protection policies in cushioning the effects of pandemics and of persistent lockdowns.¹⁴ In the following sections review measures were undertaken (or not) based on the literature sources referred to above, including papers in this issue.

¹⁴ See in particular on the overall importance of social protection interventions: International Labour Organization, *Social protection responses to the COVID-19 crisis: Country responses and policy considerations*, “Social Protection Spotlight” 23 April 2020, <https://www.social-protection.org/gimi/RessourcePDF.action?id=56044> (22.2.2023); International Labour Organization, *Assessment...*, op. cit.; Eurofound, *Living, working and COVID-19. First findings – April 2020*, Publications Office of the European Union, Luxembourg 2020, https://www.eurofound.europa.eu/sites/default/files/ef_publication/field_ef_document/ef20058en.pdf (22.2.2023); Eurofound, *COVID-19: Policy responses across Europe*, Luxembourg 2020; Organisation for Economic Co-operation and Development, *COVID-19 Crisis Response in South East European Economies*, 2020, https://read.oecd-ilibrary.org/view/?ref=129_129649-tclugxbw4j&title=COVID-19-Crisis-Response-in-South-East-European-Economies (22.2.2023).

On sickness benefits see: International Labour Organization, *Sickness benefits during sick leave and quarantine: Country responses and policy considerations in the context of COVID-19*, “Social Protection Spotlight” May 2020, https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---soc_sec/documents/publication/wcms_744510.pdf (22.2.2023); Organisation for Economic Co-operation and Development, *Paid sick leave to protect income, health and jobs through the COVID 19 crisis*, 2020, https://read.oecd-ilibrary.org/view/?ref=134_134797-9iq8w1fnju&title=Paid-sick-leave-to-protect-income-health-and-jobs-through-the-COVID-19-crisis (22.2.2023).

On unemployment protection: International Labour Organization, *The COVID-19 response: Getting gender equality right for a better future for women at work*, “Policy Brief” 2020, https://www.ilo.org/wcmsp5/groups/public/---dgreports/---gender/documents/publication/wcms_744374.pdf (22.2.2023); Organisation for Economic Co-operation and Development, *Job retention schemes during the COVID-19 lockdown and beyond*, 2020, <https://read.oecd.org/10.1787/0853ba1d-en?format=html,read> (22.2.2023); Organisation for Economic Co-operation and Development, *Flattening the unemployment curve policies to support workers' income and promote a speedy labour market recovery*, 2020, https://read.oecd-ilibrary.org/view/?ref=134_134515-cww8xuoucy&title=Flattening-the-unemployment-curve-Policies-to-support-workers-income-and-promote-a-speedy-labour-market-recovery (22.2.2023).

On protecting migrant workers: International Labour Organization, *Protecting migrant workers during the COVID-19 pandemic. Recommendations for Policy-makers and Constituents*, “Policy Brief” 2020, https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---migrant/documents/publication/wcms_743268.pdf (22.2.2023). And on achieving gender equality in pandemics responses: International Labour Organization, *The COVID-19 response...*, op. cit.

In Europe and in many other countries, priority was given to measures aimed at the support of employment retention and allowing a delay in any potential layoffs. These measures included reducing or deferring employers' labour costs: costs of social security contributions, of employers' liability for social benefits (mainly the first few days of covering the costs of sickness benefit), and subsidising wages. Other important measures aimed at retaining employment but also at providing minimum income security for workers affected by economic activity lockdown were various types of wage subsidies – usually securing the payment of wages and salaries to at least the level of the statutory minimum wage.

Income support – short-term benefits

While measures supporting businesses and subsidising their labour costs in order to retain employment, were of key importance in many countries, equally important were also all kind of measures which provide income support to affected individuals and households in the case of incomes lost or reduced as a result of pandemics. During pandemics people not only could be infected and sick but also subject to quarantine and be under imposed or self-imposed isolation to reduce the probability of infecting others – including co-workers. And thus, might be unable to work and earn sufficient income unless they have the right to fully paid sick leave. They might be unable to work and thus earn income also because they have to care for sick or quarantined members of their family – again unless their social security coverage includes fully paid leave under such circumstances as well. During the lockdowns nurseries, kindergartens and schools were closed for months. Parents of small children had to stay at home and care for their children. Usually, social insurance provisions foresee several days of childcare leave per year in the case of a child being sick and being unable to go to nursery, kindergarten or school. However, in times of pandemic, when childcare institutions and schools might be closed for months, such provisions are insufficient. In most of the countries affected by pandemics, there was a need to introduce special childcare paid leave for parents or other carers.

Apart from periods when people are unable to go to work as they themselves or family members need care, in an economy affected by pandemic and lockdowns even if employed persons formally stay employed, their wages and salaries might be absent or reduced: during lockdowns employers send their employees on unpaid leave or reduced the remuneration paid (as we saw above, state wage subsidies guaranteed usually only not more than the minimum wage and often less). There thus was a need for arrangements, which exist only in some of the analyzed European countries, to provide income support in a situation which can be described as partial unemployment.

Eventually, depending on the specific policies adopted in the countries and the character of the labour markets, a certain number of people were losing their jobs and become fully unemployed. Adequate unemployment benefits and associated employment services were of utmost importance in such periods.

Sickness benefits

Sickness benefits in the majority of European countries are contributory social insurance benefits. In many countries the legislation requires that employers pay a prescribed number of the first days of the employee's sickness spell, although these prescribed durations differ. Replacement rates for sickness benefits are often less than 100% and depend on the length of the contributory service of a beneficiary. Everywhere, there are some gaps in coverage – including at least those in some forms of self-employment and those in informal employment. There was thus a need for additional measures. In some countries supplements were paid by the state to workers in self-isolation and quarantine, in others eligibility to sickness benefits was extended to all those who were in quarantine and self-isolation. For some groups (mainly medical workers) also replacement rates were increased.

Childcare leave benefits

Normally, childcare leave benefits are paid to employees who have to stay home and care for their children during their sickness or for other reasons. Usually, entitlement to such benefits is limited just to a certain number of days per year. However, during lockdowns, nurseries, kindergartens and schools were closed for a number of months and parents or carers had to provide daily childcare for younger children over these months. There was a need to create additional forms of paid leave which would allow a parent who have care obligations to stay at home and care for their children.¹⁵ Many countries in Europe temporarily introduced a special paid (by social insurance, often supported by the state budget) childcare leave. In Poland, for example, additional, temporary paid child care leave benefit was introduced for all insured with children up to the age of eight, paid in the case when crèches, kindergartens or schools were closed.

Unemployment and similar benefits to those who lost income due to lockdown of the economy

Despite all the efforts to retain employment, the situation on the labour market in many countries deteriorated. For those who were already unemployed before the beginning of the pandemics and lockdowns, the probability of finding a new job decreased and their expected length of stay as unemployed increased. And of course, there were people losing their employment status due to lock downs, lay-offs and also due to – in particular micro, small and medium – businesses in certain sectors collapsing, closing and going bankrupt. And recovery in some sectors – like tourism – will not be immediate, and at the end will be rather slow and long. That is why there has been a need to expand the coverage of regular unemployment benefits, increase benefit levels and also to introduce *ad hoc* measures to cover those not eligible.

¹⁵ Some employers treated the possibility for their employees to work from home as a solution to the problem. One has to admit that it is not really a solution: only sometimes it is possible really to reconcile childcare with homeworking.

Other cash income support and social assistance

In addition to expanding and enhancing regular employment related contributory benefits, there is obviously a need to provide income and other types of support to those not covered by social insurance or covered insufficiently and inadequately.

Levels of cash social assistance benefits were in some cases temporarily increased, entitlement conditions were widened, and, in addition, one-off cash supplements were paid out.

In some countries the situation of non-citizens deteriorated during the crisis as often special measures covered only citizens *per se*. It is still not unclear as to what extent migrant workers, with longer term resident status and those temporarily employed, were also protected and what was the scale of any potential discrimination.

In addition to cash support, in some cases regular social assistance beneficiaries and some other groups were also granted benefits in kind in the form of utility waivers or vouchers entitling recipients to buy specific goods and services.

Comprehensive social protection system in place helps but...

Most of the countries reviewed have comprehensive social protection systems in place, with contributory schemes protecting the majority of the population, at least those working within the formal economy and their families in the case of all main social risks and contingencies – like sickness, disability, employment injury, maternity, unemployment, loss of the breadwinner etc. The advantage of such a situation in the case of pandemics and following lockdowns is that benefits and services are accessible and immediately – without the delays resulting from the need to prepare and adopt new legislation and regulations.

However, the pandemics and its consequences revealed also gaps in existing social protection systems.

First, there were gaps in the scope of coverage, that is scopes of the contingencies covered and the benefits provided. For example, replacement rates of “sickness benefits” were lower than 100%, particularly for workers with a shorter contributory service or duration of employment. This was not enough for lengthier spells of sick leave associated with virus infections and quarantines and thus in some countries these replacement rates were temporarily increased, at least in specified cases and for specified groups of employees. Also, in many countries the first few days of sick leave had to be funded by employers themselves – it is not clear to what extent the deferral of employers’ contributions adopted in most of the countries also covered temporary relief from the above employers’ liability.

Unemployment benefits in most countries are foreseen only for cases of full unemployment, while during the lockdowns and its aftermaths, there has been a high incidence of partial unemployment – that is involuntary work at reduced hour levels or even involuntary unpaid leave. In many countries there is no institution of partial unemployment benefits and thus special emergency regulations were introduced *ad hoc* to provide temporary income supports for affected workers.

Childcare leave, allowing parents and carers to take paid leave to care for their children normally has limits of a few days in duration. In the times of pandemics and lockdowns, when childcare institutions and schools were closed for months on end, there was a need either to legislate for a new special benefit for that purposes or to modify existing legislation.

Second, there were challenges in the “adequacy of coverage”, that is the levels of benefits and sometimes also the quality of services. As a result, in some countries there has been a need to increase the replacement rates of sickness benefits and childcare leave benefits. In some other countries unemployment benefits levels were apparently recognized as inadequate and paid only to the short-term unemployed over a limited time horizon, in these countries often either those benefits were increased, or special temporary or one-off supplements were paid. Similarly, many countries noticed that social assistance benefits levels are not sufficient to provide reasonable income support to eligible populations and thus there were either increases in regular benefits levels or temporary and one-off supplements were paid. For similar reasons – inadequacy of benefits and their adjustments – pensioners in many countries received increases to their regular benefits (mainly those with the lowest pensions) and temporary or one-off supplements.

Third, there have also been gaps in the extent of population coverage excluding certain groups of the population. In many countries self-employed workers (often self-employed not by their own choice but in involuntary self-employment, forced by employers seeking, under the disguise of the “self-employment” of their employees, an opportunity to reduce labour costs by not paying social security contributions) and all those in atypical forms of employment and in the gig economy are either not covered by regular social insurance benefits, or covered only partially for some contingencies and here at a lower level). During the COVID-19 crisis some countries attempted to extend eligibility to access health care and some income support benefits (sickness, unemployment to groups usually not covered). In other countries, eligibility to social assistance was extended. However, many stayed not covered and then it required special emergency legislation to provide additional temporary or one-off income support. Usually such support was still limited to only selected groups although there were countries where universal or one-off assistance was paid to all.

The situation of women worsened as the closure of nurseries, kindergartens and schools for months on end increased their childcare obligations (while the introduction of e-learning at schools added new type of tasks and obligations to all carers – and in particular to women). This of course had negative effects on their professional careers, incomes and employment perspectives – and as a result on their coverage by social protection systems and future benefit levels (in particular pensions). In addition, there are reports that lockdowns significantly increased domestic violence with obviously women being the primary victims.¹⁶

¹⁶ See International Labour Organization, *The COVID-19 response...*, op. cit.; Organisation for Economic Co-operation and Development, *Education and COVID-19: Focusing on the long-term impact of school closures*, 2020, https://read.oecd-ilibrary.org/view/?ref=135_135187-1piyg9kc7w&title=Education-and-COVID-19-Focusing-on-the-long-term-impact-of-school-closures (22.2.2023); Organisation for Economic Co-operation and Develop-

Migrant workers have been another group affected more than others. This includes repatriated migrant workers arriving back as a result of lockdowns imposed in the countries they were working in. Even if they were formally employed abroad, in moving back home they lost the right to many of the social protection benefits they had enjoyed while working abroad while at the same time having neither jobs nor social protection coverage back home. This has been, for example, the situation for thousands of Ukrainian workers who during the spring lockdown of the Polish economy had to return to Ukraine, but the same – although maybe on a lower scale, applied to all countries.

But of course, even worse has been the situation of visiting migrant workers.¹⁷ Those who had worked formally, have been protected by regular contributory benefits but the probability of losing employment has been certainly greater for them than for resident nationals. Moreover, most of the additional temporary or one-off income support benefits introduced by different countries were more or less explicitly reserved only for the citizens of a given country.

Conclusions – lessons from pandemics

Of key importance for social security institutions to ensure continuity in the operations of all services – of contributory social insurance as well of social assistance – was to ensure the continuous payment of all benefits due, as well as a quick response to the new entitlements emerging. As the International Social Security Association has pointed out¹⁸ the key role was for digital channels servicing contributors and beneficiaries but also for boosting phone based service channels and relaxing entitlement conditions requiring physical contacts and thus speeding up and facilitating the access to benefits.

While it was necessary to support a safe return to work for those infected and then recovered, it was important to recognize (as happened in a number of countries) COVID-19 as an occupational disease not only for health workers but for all workers who were infected during their work (including those infected at home who were home- and tele-working as a result of the pandemics).

The spread of tele-working and similar forms of employment – most probably increasingly widespread forms of permanent employment – called for a review and revision of all kinds of occupational social protection and in particular occupational safety and health standards and employment injury insurance.

In many countries special emergency measures which extended coverage and increased benefits were decided on by governments without any clear indication as to sources of

ment, *Combating COVID-19's effect on children*, 2020, https://read.oecd-ilibrary.org/view/?ref=132_132643-m9lj2scsyh&title=Combating-COVID-19-s-effect-on-children (22.2.2023).

¹⁷ See International Labour Organization, *Protecting migrant workers...*, op. cit.

¹⁸ International Social Security Association, *Continuity of social security services during COVID-19: a review of country experiences*, <https://www1.issa.int/analysis/continuity-social-security-services-during-covid-19-review-country-experiences> (22.2.2023).

finance and this very often additionally burdened social security funds with non-statutory spending, affecting its long term financial sustainability. In all these cases the situation needed to be clarified and more explicit central budget transfers to social security funds provided.

In the longer run, there is clearly a need to ensure universal health care coverage of an adequate quality, there is a need to develop policies which will secure at least minimum income security to all – independently of their labour market status, forms of employment, sex, ethnicity or nationality. These could be done in a number of ways and these alternatives need to be debated. One way is to ensure that all dependent workers (including the dependent self-employed, those in B2B contracts with their employers, other atypical forms etc.) are covered by statutory social insurance in all respects. The minimalist option assumes that all those in need have access to social assistance. Another way would be either to build in a universal basic income for all instead of a set of universal, categorical benefits providing income security in sickness, disability, unemployment, old-age and other contingencies. But even in such an option, dependent workers still need social insurance which at least include sickness and maternity benefits, a full range of employment injury benefits, assuming that other benefits – unemployment benefits, old-age pensions etc., are provided by universal non-contributory schemes.

There is thus a need to develop universal coverage as soon as possible based on existing schemes but at the same time to have a wide social dialogue on options and alternatives for any future social protection system.

Generous social protection funding is needed for a number of years before societies and economies emerge from the health, economic and social crisis. A major concern is to prevent the resurrection of the ghosts of austerity which may kill the recovery process as we saw following the previous global economic crisis.

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