

Report from Europe: Impact and Reactions to COVID-19

By Jackson Janes, Ph.D.

Editor's note: Dr. Jackson Janes is senior fellow at the German Marshall Fund and president emeritus of the American Institute for Contemporary German Studies at Johns Hopkins University in Washington, D.C., where he has been affiliated since 1989. Dr. Janes has appeared at the Jefferson Educational Society twice in the past three years. He presented at Global Summit IX speaker series in 2017, discussing "U.S.-German Relations in the Age of Trump," and returned in 2019 to discuss "The Berlin Wall 30 Years Later: Legacies and Lessons."

The pandemic challenges unfolding around the world are resulting in strategies that tell us much about the resources each country has to respond. They also tell us about the possibilities and limitations of cross border cooperation.

Getting a grip on the health care emergency is of paramount importance and anticipating the economic impact is close behind. The race to "flatten the curve" of the virus will be the top priority but we will also see major economic consequences this year and likely for many more to come.

The tools Germany is using to deal with the virus resemble those elsewhere but with different starting positions. The ability to determine how far the infection rate has reached depends on the ability to test the population. Chancellor Angela Merkel suggested that it will be extensive but how high the fatality rate will go remains to be seen. As pointed out recently by Anna Sauerbrey in the New York Times, "Germany's health care system is overall in good shape – recently modernized, well-staffed and funded, with the highest number of intensive care beds per 100,000 patients in Europe – it hasn't really been tested yet."

Meanwhile, Germany is headed into a major recession in 2020 with high levels of unemployment looming. Drawing on experiences from the Great Recession of 2009, the response is going to include the use of Kurzarbeit or shortened work. This tactic keeps people employed and paid during the economic storm made possible by wages

with supplementary federal support. How long that can be sustained depends on the recovery period. In Germany's case, its strong manufacturing base and export network were able to bounce back from the 2009 crisis. Hopes that this crisis will pass are more complicated by the pandemic. Germany had also been running a substantial surplus due to its strong export machine and is now able to utilize that cushion during this challenge. However, Germany is still heavily dependent on the economic environment in Europe, not to speak of the larger scope of its export reach which together makes up close to half its GDP. The need to engage in helping the European Union emerge from this challenge will require a degree of solidarity that will test its strength.

The centrifugal forces of national responses across Europe have been difficult to manage. Border closings do not provide complete protection from the virus spreading but they are the first priorities of countries trying to protect their citizens. If the European Union's structures need to function in dealing with the economic threats, such as the European Central Bank, the capacity to work together to help deal with the virus will be a severe test for those expecting help with meeting their health care threats.

As Peter Rashish has written "EU member states are not suffering from the coronavirus because of their own policy missteps but rather because of an external shock – a virus – that does not discriminate among countries with higher or lower government deficits or economic growth. Unlike during the Eurozone crisis, no argument can be made that there is 'moral hazard' (incentivizing risk-taking by socializing its costs) if countries with stronger finances like Germany helped countries with weaker ones like Italy."

<https://www.aicgs.org/2020/03/from-care-packages-to-coronabonds-will-the-eu-step-up/>

Europeans will remember whether and how these bonds of solidarity worked in a time of a crisis. That may be both an opportunity for a stronger EU to emerge out of this crisis or it could undermine its support and leave the EU vulnerable to forces that question the European project in general.

Apart from the impact of thousands of fatalities, the experiences of the euro crisis should remind Europeans in general and Germans in particular that there will be no glory in boasting too much about surpluses by some when deficits will be shared by all.

In some ways, this passage will be similar in its long-term impact as were the 9/11 terrorist attacks. However, the enemy is not a definable group of people, a country or a terrorism movement. One might hope that if we will be torn apart by this crisis it could also reassert how interdependent we are. And we will remain confronted by the need to work together to prepare for other such challenges that are surely coming in one form or another.

While Europeans struggle with their issues, the situation in the United States remains critical for them as well. The dependence of the rest of the world on the U.S. for economic stability and indeed for providing leadership to meet this crisis is pivotal. But the sense of uncertainty and anxiety they feel when looking at how the U.S. is responding is palpable. And if the U.S. cannot find its way through this storm, there will be another kind of world waiting to emerge in the era after COVID-19.

This crisis can get some inspiration from transatlantic solidarity over seven decades ago. After World War II, the U.S. emerged as the strongest power on the planet. Europe was struggling to get back on its feet. At that time, the U.S. engaged in a massive aid effort symbolized by the Marshall Plan in order to help stabilize and secure Europe against a new war, the Cold War.

The arguments Secretary of State George Marshall used to persuade Americans to help Europe were not only based on humanitarian values, they were based on self-interest. A stable Europe was part of a stable America. Today the web of both interdependence and shared vulnerability is symbolized by the pandemic we confront. That fact should also remind us that our shared future is at stake.

About the Author



Dr. Jackson Janes has been engaged in German-American affairs in numerous capacities over many years. He has studied and taught in German universities in Freiburg, Giessen and Tübingen. He was the Director of the German-American Institute in Tübingen (1977-1980) and then directed the European office of the German Marshall Fund of the United States in Bonn (1980-1985). Before joining AICGS, he served as Director of Program Development at the University Center for International Studies at the University of Pittsburgh (1986-1988). He was also Chairman of the German Speaking Areas in Europe Program at the Foreign Service Institute in Washington, D.C., from 1999-2000 and President of the International Association for the Study of German Politics from 2005-2010.

Dr. Janes is a member of the Council on Foreign Relations, the International Institute for Strategic Studies, and the Atlantic Council of the United States. He serves on the advisory boards of the Berlin office of the American Jewish Committee, Beirat der

Zeitschrift für Außen- und Sicherheitspolitik (ZfAS), the Robert Bosch Foundation Alumni Association, and the American Bundestag Intern Network (ABIN) in Washington, D.C. He is a member of the Board of the German American Fulbright Commission and serves on the Selection Committee for the Bundeskanzler Fellowships for the Alexander von Humboldt Foundation. He is a member of the Cosmos Club in Washington, D.C.

Dr. Janes has lectured throughout Europe and the United States and has published extensively on issues dealing with Germany, German-American relations, and transatlantic affairs. In addition to regular commentary given to European and American news radio, he has appeared on CBS, CNN, C-SPAN, PBS, CBC, and is a frequent commentator on German television. Dr. Janes is listed in Who's Who in America and Who's Who in Education.

In 2005, Dr. Janes was awarded the Officer's Cross of the Order of Merit of the Federal Republic of Germany, Germany's highest civilian award.

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