Quo Vadis European Union?

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Part I: The EU, the WHO and COVID-19

On March 11, the World Health Organization (WHO) declared a pandemic caused by the COVID-19 virus. Politicians around the world, and in the European Union (EU) in particular, all knew that

a) COVID-19 would continue to infect millions of people over the coming months;

b) the rate at which a population becomes infected is decisive for whether there are enough hospital beds (and doctors and resources) to treat the sick; and

c) slowing the spread of the virus so that fewer people need to seek treatment at any given moment, known as ‘flattening the curve’—decreasing the projected number of people who will contract COVID-19 over a period of time, in turn likely extending the duration of the pandemic—requires collective action, namely house confinement and travel bans.

Once they started to feel the impact of the pandemic, countries within the EU such as Italy, France, and Spain have implemented harsh lockdowns. They were not capable of controlling the increase in infected and deaths, however.

Politicians and opinion makers have loudly proclaimed that no state is prepared declaration sees COVID-19 as a purely natural and exceptional, unexpected, catastrophic event, as earthquakes, that exempt them from any political responsibility. Even the supporters of political irresponsibility in the emergence of COVID-19, however, do not refuse political and financial responsibility in dealing with its impacts. For instance, Dutch Finance Minister Wopke Hoekstra reportedly called for Brussels to investigate why some countries did not have enough financial leeway to weather the economic impact of the crisis, which has claimed thousands of European lives and put the Continent under lockdown. The thousands of citizen deaths from Spain, Italy and France result from those states’ financial irresponsibility. That claim highlights the overreliance of national and European legislative, executive and judicial institutions on the economic market ‘D-L-P-Formula’ (Steger and Ravi 2010):

(1) deregulation (of the economy);

(2) liberalization (of trade and industry); and

(3) privatization (of state-owned enterprises and services such as social security and health care).

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Roughly, the ‘D-L-P-Formula’ informs states’ policies towards the well-being of all under the claim of the unlimited individual’s right to the usufruct of their private property obtained also under their exclusively private means (Freeden 2015; Steger and Ravi 2010). For instance, following this ideological formula, European heads of state relegated their responsibility to Finance Ministers gathering in the Eurogroup (the informal meetings of Finance Ministers of the Eurozone countries) to find a European solution to the COVID-19, who eventually decided to support the financing of emergency aid through the provision of grants (EUR 2.7 billion), necessary first and foremost to reinforce the healthcare systems of the Eurozone countries.²

The Eurogroup excluded any support for the social effects of COVID-19 (e.g. unemployment), as if COVID-10 were a purely natural event whose consequences were reduced to health issues, i.e. as if we were just experiencing an exceptional health crisis. At the same time, the European Commission (EC) assessment report on Portugal’s post (2008) crisis adjustment programme, issued this 6th April, identified four major problems, “independently” of the coronavirus pandemic crisis: risks to financial stability, high public sector salaries, pensions and expenditure with health.³ Following the same the criterion underlying Dutch Finance Minister Hoekstra’s diagnosis of the source of thousands of Italian, Spanish and French deaths—heath expenditure results from state’s financial profligacy (or irresponsibility), and complicates the reduction of the public debt ratio— the EC recommends that Portugal should downsize its investment in health.

Nevertheless, against the understanding of COVID-19 as a purely natural and exceptional, unexpected event, science has already related the rise of the coronavirus to our way of life, and pandemics in general to social inequality and discord.⁴⁵ Also, against the assumption that the thousands of deaths result from states’ financial profligacy (or irresponsibility), under the ‘D-L-P-Formula’ European countries, such as Italy, France and Spain (not to mention the US) downsized investment in national healthcare systems (Giovanella and Stegmüller 2014) and relocated industries outside of national territories (Lund and Tyson, 2018), notably the health industry (Busfield 2003; Mohiuddin, et al. 2017)—90% of medication consumed in Europe is produced in China and India.

The downsizing investment in national healthcare systems, embedded in the above mentioned EC recommendation, and relocation of industries have contributed to a weaker capacity for treating patients in the peak of such a crisis. Italy, France and Spain (and the US) are struggling to overcome the lack of material (masks, tests, ventilators, gloves) and human means (doctors, nurses and assistants) in sufficient numbers to tackle the steep peak of COVID-19. One thing is the impossibility of preventing the numerous fatalities resulting

from the COVID-19; another completely different is the impact in the number of those fatalities, for now unmeasurable, due to deficient production capacities of basic medical supplies inside the EU—as illustrated by member states’ race to buy them e.g. from China.

Part II: The D-L-P-Formula

Although the sanitary dimension of the coronavirus crisis is undoubtedly important, along with its relationship to healthcare systems’ robustness after their dismantling under the ‘D-L-P-Formula’, the excessive focus on that dimension by both supporters and detractors of the ‘D-L-P-Formula’ dismisses the responsibility of countries such as Portugal, Spain, Italy, France, Germany, and even the UK (which no longer belongs to the EU), in the untimely imposition of collective measures to control the rate of infected population within their respective countries, preventing the need for at-risk populations to seek treatment in hospitals (or at home). In other words, the unilateral focus on the crippled healthcare system (e.g. lack of tests, beds, ventilators, doctors, nurses, etc.) further dismisses politicians responsibility in the degree of slowing, maintaining or accelerating the spread of the virus so that fewer people need to seek treatment at any given moment, and hides the real extent of the impact of the national and European legislative, executive and judicial institutions’ overreliance on the economic market ‘D-L-P-Formula’ in states’ inability to control the tragic effects of the coronavirus.

The number of Coronavirus deaths in the EU is not only the result of insufficiencies of downsized healthcare systems to tackle an extraordinary natural event, but is also a consequence of the EU’s bet on tourism as one of the main means of economic and social development under the ‘D-L-P-Formula’. As the visitors’ unlimited right of travelling to a destination outside of their usual environment, for less than a year, for any purpose including business, leisure or personal purpose other than employment, under the ‘D-L-P-Formula’, tourism evolves beyond any ecological, national, cultural, or urban-planning limits.

Moreover, deeply related to commerce and construction, tourism is one of the most profitable economic industries in the EU (the third largest socio-economic activity after the trade and distribution and the construction sectors)—in 2018, tourism generated 26.5 million jobs within the EU and visitor spending reached €375.1 billion. More than just launching various projects and initiatives to provide support (mostly financial) for tourism in the EU, the EC has aimed to transform the EU into the world's number 1 tourist destination. Coinciding with the strong trend for the relocation of strategic industries to outside of Europe (to Asia, Latin America, Turkey and Morocco), states’ and EU institutions have legislated to foster tourism. For example, in 2011, besides providing support to banks, the International Monetary Fund (IMF), European Central Bank (BCE), and the EC together

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known as Troika’s intervention in Portugal aimed to create a special procedure for the rapid reconfiguration of houses in the housing market.

While forcing troubled states to repeal the protective laws of employed residents in the tourist destination (e.g. fixed term leases), in 2014, under the ‘D-L-P-Formula’, the Troika favoured short term contracts to provide temporary accommodation services to tourists (so called Local Accommodation (LA)). Whereas in 2015 the number of registered LA units in Portugal stood at 9,878, in 2016 it rose past the barrier of 10,000, with a very significant increase in 2017 to over 18,000 and again in 2018, totalling 25,145 registered LA units. This rapid transformation in the urban housing tissue has caused a wave of gentrification in the two main cities, Lisbon and Porto. However, the new law mandated by the Troika did contribute to transform Portugal into one of the most successful touristic countries. According to the Portuguese Agency for Foreign Trade and Investment, AICEP, in 2018 tourism to Portugal grew at the highest rate of any country in the EU—8.1%, significantly above the EU average of 3.1%. More specifically, the sector contributed over one in five (21.8%) of all jobs in the country—employing 1.05 million people.

In view of the considerable weight of tourism in the EU, the confinement of people at home to reduce the impact of the Coronavirus appeared as a stronger menace than the COVID-19 for the EU member states, namely for France, Italy, Spain and Germany. These are the most visited countries in Europe and in the top ten outbound market locations in the World. Not surprisingly, when predicting the colossal economic and social losses resulting from the withdrawal of tourism and almost full interruption of transport politicians in these countries adopted the same tardive answer strategy. For example, on March 20th, a British tourist visiting Portugal to play golf was interviewed at Algarve airport saying that he had arrived five days prior because someone had told him that Portugal was a safe European country, with few COVID-19 cases. Indeed, if on that day Portugal reported only 112 new cases of infection, Italy’s 4,032 total deaths surpassed China’s (3,249). Until then, the UK was following the herd immunity strategy, while Portugal had opted for a state of emergency throughout the country, putting civil protection and security forces on standby, ensuring the readiness of the National Health Service in terms of human resources.

Despite the differences in the response time of European countries to the COVID-19 crisis, and the different sanitary strategies adopted, health officials of both countries postponed measures that would have allowed a greater degree of flattening the curve and imposing less stress on healthcare systems. Thus, the combination of tardive imposition of confinement measures with downsizing healthcare systems and relocation of industries to outside of their national territories, namely the health industry, was a lethal mixture leading to thousands of deaths of European citizens.

Part III: Matters of Urgency

Though loss to human lives is irreparable, there is now economic, social and political urgency in protecting economic and financial agents and organizations from the huge economic and social losses caused by the COVID-19 crisis, namely in the transport and tourism sectors. Nevertheless, on the one hand, COVID-19 has exposed that the hollowing out of some of the core functions of the state (e.g. protecting healthcare systems) deprives citizens from adequate defence of their health and life. On the other hand, COVID-19 has exposed that the European Commission’s transformation of the EU into the world’s number 1 tourist destination not only postponed measures that would have allowed imposing less stress on healthcare systems, and decreasing the total of deaths, but ultimately increases the duration of the travel ban since the later the imposition of confinement measures, the greater the need for such a ban. Finally, the European public debate on the political, economic, and social consequences of the COVID-19 seems to be taking place almost uncritically under the ‘D-L-P-Formula’, both in communication media and in formal and informal institutions—as can be seen in the arguments underlying the debate on the measures, and the scope of the adopted measures themselves, to tackle the COVID-19 in the Eurozone and the emphasis in the EC’s report on Portugal’s excessive expenditure with health.

Therefore, to prevent European citizens’ deprivation from adequate protection of their health, life and liberties or the chaotic and tragic consequences of the foreseeable pandemics, in the (still) democratic European Union, citizens of the 27 member states should have the opportunity to debate in the civil and political space (e.g. communication media and national and European Parliaments), and beyond Manichean and fallacious oppositions (e.g. globalization vs. protectionism, cosmopolitanism vs. nationalism, market vs. state), namely on:

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a) the nature and scope of the institutional design of their common institutions (e.g. the political weight of informal institutions such as the Eurogroup, or the minimal influence of the European Parliament);

b) the overreliance of national and European legislative, executive and judicial institutions both on the economic market ‘D-L-P-Formula’ and on its underlying political, legal and ethical principles (e.g. unrestrained individual liberty, laissez aller state policies).

Otherwise, if the coronavirus is exclusively seen either as an exceptional natural event—scientists are now predicting and warning politicians on the increasing frequency of foreseeable pandemics, along with their chaotic and tragic consequences—or an exceptional event that only discloses weaknesses of our healthcare systems that are beyond the ethical, political and juridical framework of our societies, the infernal experience of lockdown of our nations, imprisonment in our houses, large economic and financial losses and thousands of deaths in all countries of the EU may yet come to seem like the calm before the storm.19

When comparing the 2008 financial crisis with the current COVID-19 crisis, it has been said that the former seems like child’s play.

References


