SOZIALWISSENSCHAFTLICHES
INSTITUT
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„We are all in this together“

For a solidarity-based and sustainable management of the economic consequences of the Corona crisis in Europe

APPEAL

We call on the German government to push ahead with the European crisis management of economic consequences of the corona crisis as resolutely as it has pushed ahead with national efforts, and to go beyond the use of the ESM protection shield and loans from the EIB to advocate the instrument of Corona Bonds and to persuade those countries, that have so far rejected Corona Bonds to abandon their position.

- A facilitation of European Corona Bonds is economically reasonable, because it would eliminate uncertainties in the real economy and the financial system about the ability to act and the willingness of European decision-makers to actually take a "whatever-it-takes attitude" in this crisis. The elimination of doubts about the stability of the national economic structure is at the heart of German crisis policy at home. Such an approach would also be the right way forward for Europe.
- A facilitation of European Corona Bonds would enable all EU member countries to keep their economic infrastructure intact by preventing mass insolvencies of otherwise healthy companies. For the countries most affected, this would avert another lost decade of mass unemployment and lack of economic prospects.
- A facilitation of European Corona Bonds would support the development of health systems with sufficient testing and clinical reserve capacity throughout the EU, thus enabling a responsible and coordinated return to economic life.
- A facilitation of European Corona Bonds would show people across the EU that European decision-makers are serious when they say: "We are all in this together". In contrast to the draconian policies pursued in the context of the European debt crisis, the political risk of strengthening populist tendencies would be taken seriously and further exit debates would be deprived of their breeding ground.

At least this once far-sighted European policy would overcome national egotisms. If, on the other hand, Europe does not pass this test, there may not be another opportunity to demonstrate European unity and solidarity.

JUSTIFICATION

I.

The Corona crisis poses serious ethical challenges to policy makers. Probably never before in their tenure have their decisions had such a direct impact on the lives and deaths of people. At the same time, their decisions rarely had such a direct influence on the economic fate of millions of people – in Germany and in the European Union. Some believe that the greatest challenge is to weigh up the consequences of decisions in these two areas, but this follows a short-sighted approach. A relatively normal economic life will only be feasible once it can be justified against the background of the requirements of infection protection; only then will the population and the economic sector actually have confidence that the possibility of a second wave of infection and a further "shutdown" can be ruled out as far as possible. Nevertheless, the economic consequences of the current "shutdown" are already forcing far-reaching interventions in economic life. Not weighing between, but simultaneous coordination of health policy and economic decisions describes the greatest challenge. Those who, despite many uncertainties and risks, face this challenge conscientiously and in the light of all available scientific knowledge, who make decisions on this basis and who may have to live with the consequences of wrong decisions, deserve our respect.

The Council of Protestant Churches in Germany (EKD) in its word on Palm Sunday therefore thanked German policy which "*through strong and at the same time prudent measures ensured the maintenance of public order, expanded the health system under great pressure and adopted economic support measures on an unprecedented scale*".[i] These thanks refer first and foremost to measures supporting the health care system, which were adopted both quickly and comprehensively. But gratitude also applies to the efforts to cushion economic distortions, which inevitably accompany the implementation of the health policy measures necessary to protect people from infection – but which must be accepted in order to save as many lives as possible.

The aid and support measures adopted for employees, the self-employed, businesses and companies are not only an expression of solidarity, they are also economically sound. The currently often statet "We are all in this together", which is usually thought of as a plea for interpersonal solidarity, also describes a simple fact in a deeply interconnected economic system. The current economic situation, future expectations and thus ultimately the behaviour of employers and employees, vendors and consumers, suppliers and producers, landlords and tenants, lenders and borrowers and many more are inextricably linked. It is often forgotten that even in an economic system based on free competition, much depends on economic agents coordinating their actions and cooperating with each other to fulfil obligations. If in this network relationships break down, this can lead to a cascade of further disruptions and ultimately to a destabilization of the entire system. German economic policy has recognised that the early announcement of its historically unique aid programme not only makes it clear that no one will be left behind in this crisis, but also prevents a profound economic uncertainty among market participants regarding the stability of the economic web of relationships.

All these measures are obviously not of a permanent nature. It is self-evident that support measures that would be unthinkable in normal economic times and incompatible with a competitive market economy should not be continued in post-crisis times. At the same time, however, it is not known when these aid programmes can be terminated, nor what the final financial volume of these programmes will be. It would obviously be fatal to limit the duration of aid or to tie it to a financial ceiling. Without confidence in a sustainable ability to act and an uncompromising willingness to take action on the part of the Federal Government, any effort to reduce uncertainties would be fruitless and a significant worsening and prolongation of the economic consequences of the corona crisis would be inevitable.

It is a great advantage for Germany's long-term economic capacity to act with advantage of great confidence in its long-term debt sustainability. In consequence German government bonds are seen by financial market players as a safe haven in these times of crisis and are in such high demand, that investors are currently paying Germany money to borrow from it as a result of the negative interest rates on its bonds.[ii] The fact that Germany finds itself in this favourable situation is undoubtedly due to its economic strength and sound budgetary policy. However, the fact that it is now benefiting from this situation is due to a global catastrophe, which has caused investors to shy away from investments in the real economy, so that idle capital is parked in safe investments. It is certainly a great temptation to regard the associated fiscal benefits as the well-deserved reward of German solidity and to use them primarily to finance the crisis burdens in Germany. However, from a Christian point of view there should be no doubt that it would not be ethically appropriate to give in to this temptation and turn a fateful catastrophe that affects the whole of humanity into a financial advantage. But even if you leave out the ethical question: such behaviour would not be a sign of prudent economic or far-sighted European politicy.

II.

Germany is not an economically self-sufficient island. The economic interconnectedness described above is global, but it is most pronounced in the single European market. In 2019, Germany exported goods with a value of 1.33 trillion euros (= 38.6 % of its national product). Trade with other EU countries was responsible for 58.5 % of these exports. The value of imported goods amounted to 1.1 trillion euros (= 32.1 % of its national product), 57.2 % of German imports came from EU member countries.[iii] A recent survey conducted by the Association of German Chambers of Industry and Commerce among German companies operating abroad shows the drastic effects that are already expected as a result of the collapse of foreign trade relations, especially in European countries that have been particularly affected by the corona crisis. In Spain, 88 % of the respondents expect a deep economic slump, while 80 % expect a severe economic downturn in Italy. Even in Eastern European countries that have so far been little affected by the pandemic, severe economic slumps are expected. Companies are responding to this with lower investments, layoffs and no new hires, which further exacerbates the crisis in these countries.[iv] Due to its high export and import quotas, Germany is anything but immune to these developments.

In this context it is important to remember that in Germany significantly less than half of the economic losses of the corona crisis are due to coercive measures imposed by the Federal Government and the “Länder”, such as contact bans, travel restrictions and the closure of service companies. Considerably more than half of those losses are due to "*production and sales difficulties in the manufacturing sector, partly because of disruptions in supply chains and* *partly because of weakened demand at home and abroad for German products*".[v] "We are all in this together" applies worldwide but is particularly evident within the European Union. Uncertainties regarding the stability of the European network of relationships have the same effects as within Germany. They can lead to cascading impacts that weaken the overall European economic system in the long term. What applies to Germany, therefore also applies to the European Single Market: Confidence in the sustainable ability and the uncompromising willingness of European decision-makers to act is the key to stabilising the entire system. Any doubt that European decision-makers are really prepared to do everything possible ("Whatever it takes") to combat not only the corona crisis but also its economic fallout will lead to an intensification and prolongation of economic losses and, not least, human suffering.

III.

Nevertheless, there seems to be some perception that once the corona crisis will be overcome and restrictions are eased or lifted, economies will return to the growth path on their own. This is perhaps due to the fact that the forecasts of economic institutes are only superficially perceived. Looking at the figures alone, they seem to suggest that although the corona recession will lead to a sharp contraction in economic output this year, the economy will start to recover as early as 2021. The joint diagnosis of leading German economic institutes predicts that the German economy will shrink by 4.2 % in 2020 but grow by 5.8 % in the following year.[vi] The International Monetary Fund is somewhat more pessimistic. It expects the German economy to shrink by 7 % in 2020, although this will also be followed by strong expansion of 5.2 % in 2021. For those EU countries most affected by the corona crisis, the IMF expects negative growth of 9.1 % (Italy) and 8 % (Spain) this year, but positive growth rates of 4.8 % (Italy) and 4.3 % (Spain) are expected for 2021.[vii] However, anyone who blindly trusts these forecasts and expects a "rebound" of the economy as early as next year should know that all these forecasts are based on best-case scenarios and also emphasize this fact. For example, the joint diagnosis of the leading German economic institutes points to considerable downside risks. These refer to a significantly slower weakening of the pandemic, renewed waves of infection, renewed shutdowns and distortions in the financial system. They too point out that "*other countries in the euro area are also experiencing deep recessions, which are putting pressure on public finances. Given the already substantial levels of government debt, the duration and depth of the slump may in some cases raise doubts about debt sustainability. If a second wave of sovereign debt crises were to occur in the euro area, this would put additional pressure on the sales prospects of German exporters and the financial stability of the euro area as a whole. If there are waves of insolvencies in other countries, this is likely to cause considerable damage to production structures. A related realignment of global value chains and sales markets would entail much higher costs for the German manufacturing industry than assumed here*."[viii]

The above-mentioned downside risks clearly indicate that a strong and early recovery from the corona recession will only be possible for Germany, if restrictions on economic activity in as many EU countries as possible are gradually lifted, doubts about financial stability of European countries avoided and supporting fiscal policy measures are initiated to prevent uncertainties and gaps in demand, which are caused by reluctance to make consumption and investment decisions. These challenges alone are immense, but they also come at a time when the recession of 2020 is burdening national budgets with significant revenue shortfalls and substantial costs have already been incurred to support health care systems, short-time workers, the unemployed and commercial enterprises.[ix]

IV.

Even the necessary measures that will still be needed for a responsible return to a relatively normal economic life are costly. The "Leopoldina Study" of the National Academy of Sciences in Halle believes, a gradual phasing out of Infection control measures in Germany can only be considered possible, if the number of new infections stabilizes, individual protection measures (social distancing, mouth and nose protection, hygiene rules) are strictly enforced and, above all, substantial improvements in the assessment of the infection and immunity status of the population is achieved, which is only conceivable with a significant expansion of test capacities. In addition, a further increase in clinical reserve capacity is considered necessary.[x,xi] The inadequacy of the latter two conditions was the reason why, particularly in Spain and Italy, the coronavirus initially spread unnoticed in the population and an overburden of clinical capacities and a considerably elevated mortality rate from the consequences of COVID19 disease developed. Whether other EU countries, especially in Eastern Europe, which still have relatively low infection rates, can escape the worst consequences of the corona crisis or will follow the tragic example of the above-mentioned countries is currently an open question. In any case, it is to be feared that the underfunding of the health care systems observed there,[xii] combined with the exodus of doctors and nurses to central European states,[xiii] could mean that they will not be able to cope with a wave of infection at the current level of their clinical capacities. There should be a consensus that the events in Spain and Italy should not be allowed to repeat and similar developments in Eastern Europe must be prevented at the outset. However, funds would then also have to be available for this purpose. For these countries, anything else would mean exposing them to the risk of an intensified first or a further wave of infection, which would necessitate a further shutdown due to the risk of the health care systems being (again) overburdened – not to mention the risk that the wave of infections would (again) spill over into other countries.

V.

In summary, the corona crisis on the one hand, has hit all European countries as exogenous medical shock. The impact of the disease is firstly asynchronous, i.e. some states are already at the peak of the crisis or have already passed this point, while the number of infections in other countries is still rising sharply. Secondly, the impact is asymmetrical – the consequences for health systems and those affected are not equally dramatic in all countries. On the other hand, the corona crisis is an exogenous economic shock, that has hit all European countries and whose consequences are also asymmetrical.[xiv] The economic shock is superficially comparable to the European sovereign debt crisis, which also hit some countries much harder than others. However, there is a significant difference: the asymmetric shock of the debt crisis hit some countries harder because their national budgets were characterised by massive imbalances and a lack of confidence in their debt sustainability led to speculative attacks on their government bonds and to massive outflows of foreign capital. The asymmetric shock of the corona crisis, on the other hand, is not attributable to past misconduct of the countries concerned. Germany and the UK are as strongly involved as Spain and Italy, and other countries may follow suit. The same applies within Germany. Here, too, the degree to which the federal states are affected varies, but there is no reason to accuse particularly affected federal states of misconduct. The fact, that the corona crisis hit two countries, Spain and Italy, particularly hard, which were also the focus of the sovereign debt crisis and whose national debt is still high in comparison to other EU countries[xv] despite (or because of) years of austerity measures, is otherwise only connected with the debt crisis to the extent that these countries have health care systems, that are far less able to cope with the crisis than Germany's due to years of implementing austerity programs.[xvi] It is therefore out of the question to deal with these countries as if they were once again in a self-inflicted crisis. An exogenous shock that has hit the whole of the EU and whose asymmetry is ultimately due to good or bad luck requires a pan-European response. In Germany, no one is discussing whether or not the financing of the costs of the crisis should be divided between the individual federal states according to how they are affected. No federal state has voluntarily put itself in a worse position and the financial burdens associated with this disaster, which has affected the whole of Germany, can obviously only be shouldered by the central government and the social security systems, which operate nationally anyway.

VI.

Unlike Germany, however, the EU hasn't got a central budget of any significant size, that could be used to counteract the asymmetry of the economic corona shock. There is also no pan-European social security system that could use transfer payments to cushion the economic consequences in particularly affected countries. A team of authors around Beatrice Weder di Mauro, a former member of the German Council of Economic Experts, describes this situation very accurately: "*On the fiscal side, the European roof is not only leaking, it is missing altogether for the kind of shock that is unfolding. Europe is equipped with a fair-weather budget that has not been designed to cope with emergencies. The pre-COVID negotiations on whether the EU budget should amount to 1.11 % of national income (the European Commission's proposal), 1.02 % (the 2014-20 level) or 1.07 % (a compromise) will probably appear pathetic to future historians (…).*"[xvii]

In the absence of a central authority to absorb asymmetric shocks, the European Union is forced, as during the European debt crisis, to take creative paths in the midst of the crisis. This alone does not prevent it from finding a solution that does justice to the fact that no country has got into this crisis through its own fault. This solution, analogous to the economically highly reasonable procedure in Germany, should be found quickly and be of a scope that removes any uncertainty about the decision-makers' sustainable ability to act and their uncompromising will to take action. On the one hand, this would strengthen the confidence of market participants. On the other hand, however, it would convey to the entire European population, and in particular to the population in countries that are particularly affected, that membership of the European Union means more than complying with the rules of a common market and renouncing national sovereignty in individual areas. On the contrary, this crisis offers a great opportunity, to have a positive influence on the often lamented lack of a common European identity.

VII.

In fact, far-reaching decisions have already been taken at the European level to enable particularly affected states to finance the costs of the crisis as freely as possible (by temporarily suspending the rules of the Stability Pact) and to allow refinancing if this is not possible on the financial market or only possible by accepting high risk premiums (via credit lines at the European Investment Bank EIB and the possibility of refinancing via the European Stability Mechanism ESM).[xviii] In addition, the European Central Bank made it clear at a very early stage that it would not allow speculative attacks on the government bonds of individual member countries. In addition, the refinancing conditions of European banks were considerably eased.[xix]

Though better than nothing this does not change the fact, that each EU member country is largely left to its own devices to deal with the crisis and its costs. Loans from the EIB or the ESM further increase the already high national debt ratios of the particularly affected countries. When the acute crisis is over and a return to economic normality has been achieved, the rules of the Stability Pact will take effect again and the repayment of EIB and ESM loans will be tied to conditions. For countries using these instruments, this would mean a return to austerity policy after the crisis, which would suffocate any economic recovery. Moreover, it was overlooked that even a temporary suspension of the strict conditions for the use of ESM loans, especially in Italy and Spain, does not change the fact that in these countries the ESM is seen as an instrument of control by the EU Commission based on the experiences during the European sovereign debt crisis.[xx] Italy has therefore already announced that it does not intend to use ESM loans.[xxi] In addition, the 540 billion euros of funding made available will only be used for the crisis burdens currently being incurred, i.e. can be used to support the health system and for measures to support the economy during the crisis, but not to boost the economy after the crisis. Even if they could be used for the latter, the amount would be far too small. The ECB estimates that EU funds of at least EUR 1.5 trillion will have to be raised to overcome the crisis.[xxii] If the International Monetary Fund is right, and there is a risk of an economic crisis on the scale of the Great Depression of the 1930s,[xxiii] even this amount will be too small. Last but not least, the European public had to observe that in the negotiations on the agreed aid package, national egoisms of precisely those countries that stood against a solidarity-based solution during the European sovereign debt crisis once again prevented a more sustainable solution. The great opportunity to signal to the citizens of the EU, they being part of a community of solidarity, that leaves no one behind in times of disaster affecting the whole world, has thus – so far – been missed.

VIII.

Fortunately, it is not yet too late to find a pan-European solution that emulates the German model of solidarity for employees, the self-employed, businesses and companies, solidarity for the expansion of health care systems and solidarity for ensuring fiscal leeway, which allows a "rebound" of economic growth after the acute crisis has been overcome. This requires a measure that does not carry the stigma and the bad reputation of the ESM as ballast and arouses fears in affected states that they will again be the object of imposed structural reforms and austerity measures after the crisis.

One such instrument could be the Corona Bonds proposed by a group of German economists, for which all EU member countries are jointly and severally liable.[xxiv] Covered by all EU countries, including those with the highest credit ratings, and combined with the ECB's right to buy these bonds in unlimited quantities to support their value, Corona Bonds would also enjoy high credit ratings and be correspondingly low-interest-bearing. With a very long maturity – 30 years or more – the repayment and interest burden would be extremely low. If the crisis should last longer than expected and the original issuance amount is not sufficient – the group of German economists proposes an initial volume of EUR 1,000 billion – further Corona Bonds could be placed in the market without much delay.

Since their emission is linked to the burdens of the corona crisis, this would not create an instrument leading to the pooling of debt in the long term.[xxv] Similar to many assistance and support measures in Germany, this would be a measure that would not be used in normal times and would be strictly linked to the current exceptional situation. The use of Corona Bonds would, like the use of the ESM, be subject to certain conditionalities, but only to the extent that funds would have to be earmarked for the management of the crisis and its immediate consequences. But unlike the use of ESM loans, strict conditions regarding repayment would not return at the end of the crisis. Rather, the aim should be for all EU countries to spend a certain amount, e.g. linked to the level of their gross domestic product, on repayments and interest payments during the lifetime of the bonds. If repayments and interest payments were based on the use of the Corona Bonds, the instrument would not be a solidarity-based, but would only change the creditor of the public debt from the users' point of view. Whether the funds may be used to finance economic stimulus programmes following the management of the corona crisis would depend on whether the temporary joint borrowing by the European countries has the effect that particularly affected countries have the possibility of financing these programmes via the regular capital market after the immediate burdens of the crisis have been overcome. In any case, it must be avoided that while the direct economic consequences of the corona recession are prevented, some EU countries may be forced to adopt austerity policies too soon afterwards and – as in the wake of the European sovereign debt crisis – drift into a long-term economic depression.

Conclusion

We therefore appeal to the German government to stop blocking such a solution and to convince those countries that have so far rejected Corona Bonds to abandon their position. The solution proposed here is economically reasonable, because it would eliminate uncertainties in the real economy and the financial system about the ability to act and the willingness of European decision-makers to actually take a "whatever-it-takes”-attitude in this crisis. It would enable the development of health systems with sufficient testing and clinical reserve capacity throughout the EU, thus allowing a responsible and coordinated return to economic life. It would enable all EU member countries to keep their economic infrastructure intact by preventing mass insolvencies of otherwise healthy companies. For the states most affected, this would avert another lost decade of mass unemployment and lack of economic prospects. It would show people across the EU that European decision-makers are serious when they say: "We are all in this together". In contrast to the draconian policies pursued in the context of the European debt crisis, the political risk of strengthening populist tendencies would be taken seriously and further exit debates would be deprived of their breeding ground. At least this once, far-sighted European policy would overcome national egotisms. If, on the other hand, Europe does not pass this test, there may not be another opportunity to demonstrate European unity and solidarity.

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[i] Cf. URL: https://www.ekd.de/wort-des-rates-ekd-palmsonntag-2020-54779.htm

[ii] At the time this paper was written, the yield of German government bonds with a 10-year maturity was -0.42 percent, see for current data URL: http://www.worldgovernmentbonds.com/spread-historical-data/

[iii] Cf. Destatis (2020): Außenhandel – Zusammenfassende Übersichten für den Außenhandel (vorläufige Ergebnisse) für das Jahr 2019, p. 33-34 und 167.

[iv] Cf. Deutscher Industrie- und Handelskammertag (2020): AHK World Business Outlook Frühjahr 2020 – Ergebnisse einer Umfrage bei den deutschen Auslandshandelskammern, Delegationen und Repräsentanzen, Berlin.

[v] Cf. Sebastian Dullien/Alexander Herzog-Stein/Peter Hohlfeld/Sven Schreiber/Silke Tober (2020): Schneller Ausstieg oder bedachte Lockerung? Zur Zukunft von Kontaktbeschränkungen in der Covid-19-Krise, IMK Policy Brief Nr. 88/April 2020, Düsseldorf, p. 4.

[vi] Cf. Projektgruppe Gemeinschaftsdiagnose (2020): Wirtschaft unter Schock – Finanzpolitik halt dagegen, Gemeinschaftsdiagnose 1-2020, Halle, p. 35.

[vii] Cf. International Monetary Fund (2020): World Economic Outlook – Chapter 1: The Great Lockdown, Washington D.C., p. ix.

[viii] Cf. Projekt Gemeinschaftsdiagnose (2020), op. cit. p. 12.

[ix] Cf. on the burden on the German national budget from fiscal policy measures taken to date to mitigate the economic consequences of the corona crisis Projekt Gemeinschaftsdiagnose (2020), op. cit. p. 38.

[x] Cf. Leopoldina – Nationale Akademie der Wissenschaft (2020): Dritte Ad-hoc-Stellungnahme: Coronavirus-Pandemie – Die Krise nachhaltig überwinden, April 2020, Halle, p. 2-3.

[xi] The authors of the Leopoldina study are not alone in their call for a massive expansion of test capacities. In a survey of U.S. economists, 93 percent of respondents agreed with the following statement: "The necessary elements for an economic "new start" after the lockdown include a massive increase in testing capacity (for infections and antibodies) together with a coherent strategy to prevent new outbreaks and to reintegrate low-risk or no-risk individuals into public activities". Cf. URL: http://www.igmchicago.org/igm-economic-experts-panel/

[xii] Cf. URL: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Current_healthcare_expenditure,_2016_FP19.png

[xiii] Cf. Piotr Żuk/Paweł Żuk/Justyna Lisiewicz-Jakubaszko (2019): Labour migration of doctors and nurses and the impact on the quality of health care in Eastern European countries: The case of Poland, in: The Economic and Labour Relations Review, Vol. 30 (2), p. 307-320.

[xiv] Cf. Guido Alfani (2020): Pandemics and asymmetric shocks: Lessons from the history of plagues, in: Vox – CEPR Political Portal, April 2020, URL: https://voxeu.org/article/pandemics-and-asymmetric-shocks

[xv] Cf. URL: https://de.statista.com/statistik/daten/studie/163692/umfrage/staatsverschuldung-in-der-eu-in-prozent-des-bruttoinlandsprodukts/

[xvi] Cf. Ashley Furlong/Cornelius Hirsch (2020): Charting Europe's capacity to deal with the coronavirus crisis, in: Politico EU, URL: https://www.politico.eu/article/charting-europes-capacity-to-deal-with-the-coronavirus-crisis/ ; Cristina Borra/Jeronia Pons-Pons/Margarita Vilar-Rodriguez

(2019): Austerity, healthcare provision, and health outcomes in Spain, in: The European Journal of Health Economics, URL: https://doi.org/10.1007/s10198-019-01141-3 ; Emanuele Arca/Francesco Principe/Eddy van Doorslaer (2020): Death by Austerity? The Impact of Cost Containment on Avoidable Mortality in Italy, URL: https://ssrn.com/abstract=3529892

[xvii] Cf. Agnes Benassy-Quere/Ramon Marimon/Jean Pisani-Ferry/Lucrezia Reichlin/Dirk Schoenmaker/Beatrice Weder di Mauro (2020): COVID-19: Europe needs a catastrophe relief plan, in: Richard Baldwin/Beatrice Weder di Mauro (Ed.): Mitigating the COVID Economic Crisis: Act Fast and Do Whatever It Takes, London, p. 122.

[xviii] See for an overview of the measures taken URL: https://www.consilium.europa.eu/en/policies/covid-19-coronavirus-outbreak-and-the-eu-s-response/

[xix] Cf. on the measures taken by the ECB Philipp R. Lane (2020): The monetary policy package: An analytical framework, in: Richard Baldwin/Beatrice Weder di Mauro (Ed.): Mitigating the COVID Economic Crisis: Act Fast and Do Whatever It Takes, London, p. 139-143.

[xx] Cf. Adam Tooze (2020): 'Corona bonds' and Europe's north-south divide, in: Social Europe, URL: https://www.socialeurope.eu/corona-bonds-and-europes-north-south-divide

[xxi] Cf. Ferdinando Giugliano (2020): Italy Will Struggle to Sell the EU Rescue Deal at Home, in: Bloomberg.com, URL: https://www.bloomberg.com/opinion/articles/2020-04-10/italy-will-struggle-to-sell-this-eu-deal-at-home

[xxii] Cf. Francesco Guarascio (2020): ECB urges measures worth 1.5 trillion euros this year to tackle virus crisis: sources, in: Reuters.com, URL: https://www.reuters.com/article/us-health-coronavirus-eurozone/ecb-urges-measures-worth-1-5-trillion-euros-this-year-to-tackle-virus-crisis-sources-idUSKBN21Q0UB

[xxiii] Cf. Gita Gopinath (2020): The Great Lockdown: Worst Economic Downturn Since the Great Depression, in: IMFBlog, URL: https://blogs.imf.org/2020/04/14/the-great-lockdown-worst-economic-downturn-since-the-great-depression/

[xxiv] Cf. Peter Bofinger/Sebastian Dullien/Gabriel Felbermayr/Michael Hüther/Moritz Schularick/Jens Südekum/Christoph Trebesch (2020): Europa muss jetzt finanziell zusammenstehen, in: FAZ v. 21.03.2020. Without Paywall available under URL: https://www.iwkoeln.de/presse/in-den-medien/beitrag/michael-huether-europa-muss-jetzt-finanziell-zusammenstehen.html

[xxv] Cf. on the legal issues surrounding corona bonds and alternative aid instruments Julian Probstl (2020): ESM loans or Coronabonds: A legal analysis from the German perspective, in: Vox CEPR Political Portal, URL: https://voxeu.org/article/legal-perspective-esm-loans-and-coronabonds