

# Novel welfare state responses in times of crises: COVID-19 Crisis vs. the Great Recession

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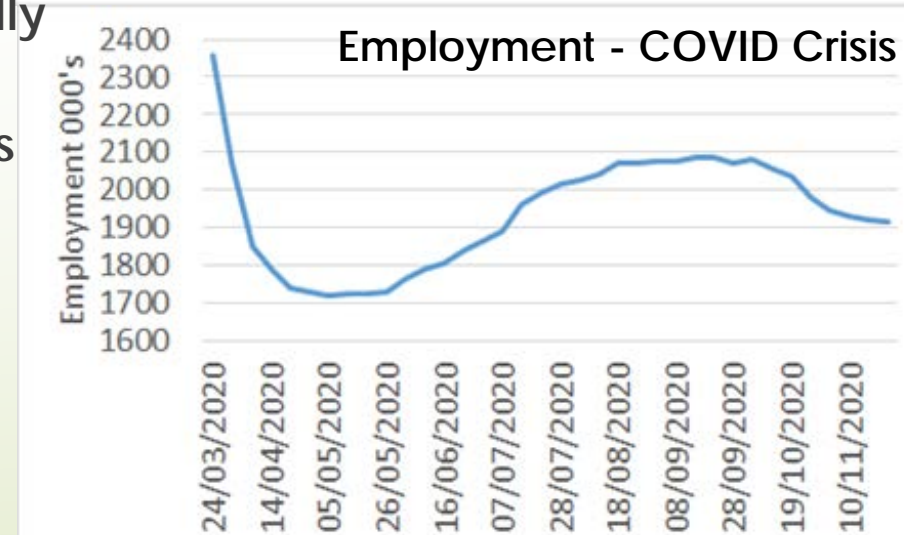
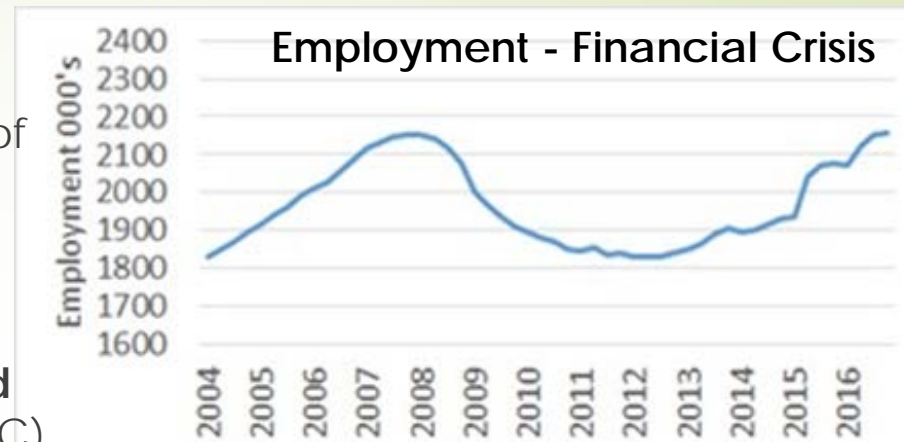
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# What was the challenge

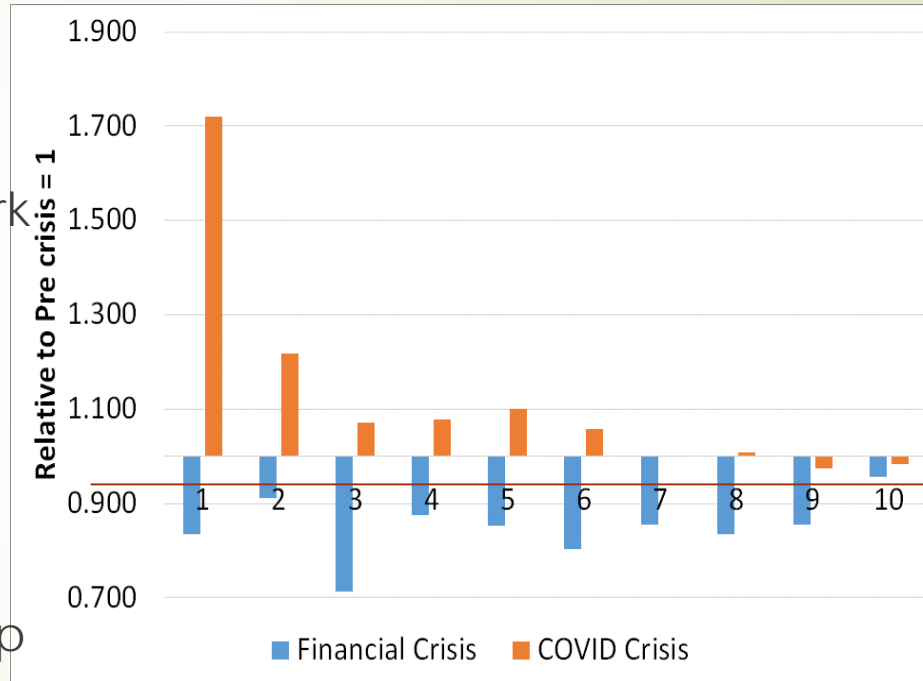
- Ireland is a **rich country**
  - In terms of GDP per capita
  - **Transition economy** → Only 60% of EU average in 1973
- **No stranger to crises** since Independence 100 years ago
  - Including one of the **deepest and longest lasting Financial Crises (FC)**
- The **COVID Crisis (CC)** has been **deeper, quicker and more broadly felt** than previous crises
- Posing very **significant challenges** for the **Welfare State**



# Social Solidarity – Protecting Purchasing Power

- Beveridgean social protection inadequate
- Family less able to insulate income losses as more out of work
- New instruments → at a more generous level to insulate from shock
- Speed! → lots of policy changes as lessons learnt
- Not just cash! → Social partnership and regulation to mitigate non-discretionary expenditure (child care and housing costs)
- Purchasing Power Protected across distribution! Unlike FC

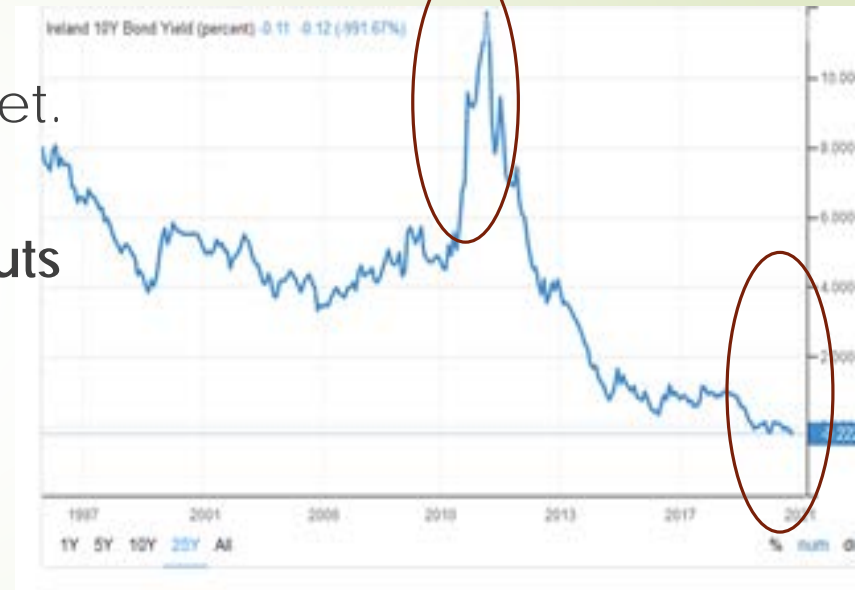
Change in Purchasing Power by Decile



# Social Solidarity – Funding

- Social Solidarity by ECB → **Speedier** response in providing **liquidity** important
- FC → state priced out of market.
  - Funding through **tax increases and spending cuts**
  - Vicious cycle → economy shrunk
- CC → **Funding from debt**, but much more affordable and
- **Track record** of Irish government in managing the last crisis

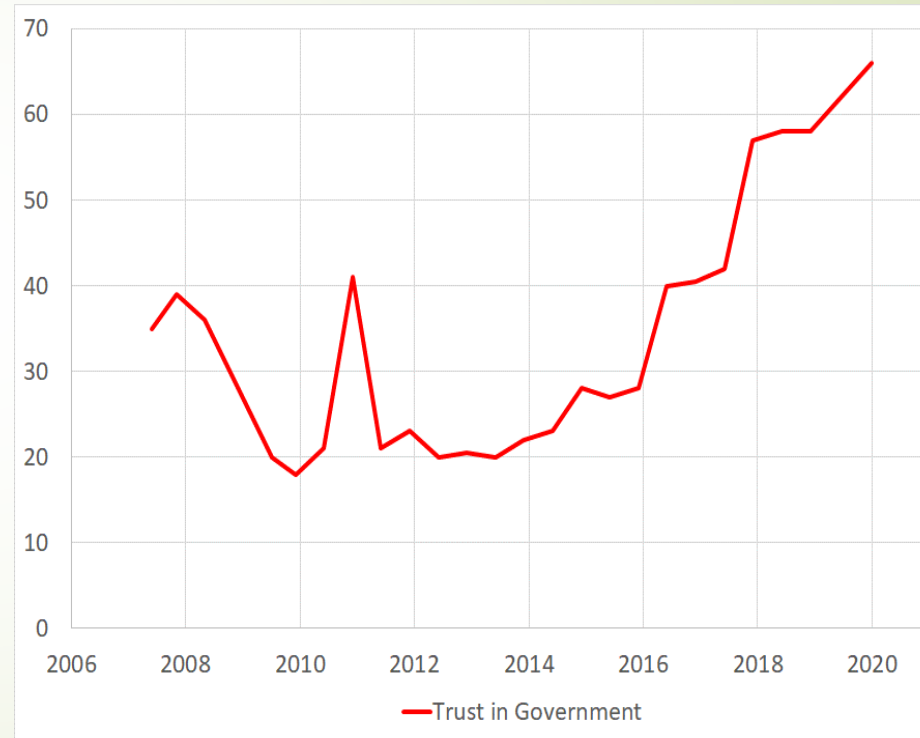
Irish Bond Yields



- Instead of spending "when we have it",
- "save when we have it and spend when we need it"

# Social Solidarity - Trust in Public Institutions

- FC → Collapse in purchasing power reduced trust in institutions
- CC → Insulating purchasing power increased confidence in institutions → Trust rose between mid 2019 and mid 2020





# Lessons learned and how to sustain gains in going forward

- Generosity → **Protect Purchasing Power**
  - demonstrate “we’re in it together”
- **Improving trust** → easier to get cooperation to get Transmission Rates under control in Pandemic
- **Future lessons** → delivery of services to vulnerable
  - **Refugees** → outbreaks in “Direct Provision Centres”  
→ proposed abolition by new Minister
- Questioning of **private delivery** of nursing homes
  - Private sector good for infrastructure, but **serious care problems** evident in Crisis
- Increased **demand for Universal Health Care**





# Thank You

"I think what we have learned from the Ebola outbreak is you need to react quickly. You need to go after the virus. You need to stop the chain of transmission. **You need to engage with communities very deeply. Community acceptance is hugely important.** You need to be coordinated. You need to be coherent. You need to **look at the other sectoral impacts...** If you need to be right before you move you will never win. **Perfection is the enemy of the good...speed trumps perfection.**"

**Dr Mike Ryan, WHO Global COVID Lead** and Executive Director WHO Health Emergencies Programme , **NUI Galway Alum**, March 13th 2020