


Chapter 18

Mitigation of COVID Strategies Comparison Between United States and Europe

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ABSTRACT

The COVID-19 pandemic started in China at the end of 2019; however, during 2020, it has spread to more than 188 countries causing very hard times. Europe and the United States have followed different strategies to fight the virus. The differences between those areas in relation with the pandemic could be named shortly as for example the additional time that the United States had to prepare everything against the pandemic compared to Europe, as the American government had around three weeks in comparison to Europe to plan the strategy against the pandemic. The density of population is also an example of the differences between those areas as the United States has a lower population density compared to Europe, and this is another key fact affecting the spreading of COVID-19. The main objective of the study is to compare the different measures adopted by each region and analyze the impact they have in the economy and in small and medium businesses. Specific conclusions about the impact of the measures adopted will be extracted, and some lessons could be obtained from those conclusions.

INTRODUCTION

COVID 19 pandemic started in China at the end of 2019, and the World Health Organization (WHO) declared it a public health emergency on 11th March 2020. During 2020 it has spread to more than 188 countries, infecting millions of people, causing the death to many and impacting with tremendous strength in the global economy. According to data from the World Bank, the effects of the pandemic are plunging

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most of the countries into recession before the end of 2020 causing per capita income contraction in the largest fraction of countries globally since 1870.

Governments, organizations and health professionals are fighting tirelessly against the disease, and the outcome is notably varying in the different countries of the world, considering different perspectives (collapse of the health system, unemployment, economic losses, trade losses...etc.). Several lockdown measures were implemented to contain the pandemic with different efficacy but causing a great damage in the economy, especially in the small and medium companies related to sectors such as tourism, hospitality, automotive or commercial aviation. This extraordinary pandemic has caused a triple effect in the economy: it has created a demand shock, but at the same a supply and a financial shock.

The pandemic is causing tremendous economic effects in almost all the countries with no precedents in speed and scale (Baker et al. 2020; Gopinath, 2020).

Two places are never identical, but some similarities can be found in the different regions when trying to mitigate the economic effects of the global pandemic. Europe and United States have followed different strategies to fight against the virus. The differences between those areas in relation with the pandemic could be named shortly as for example the additional time that United States had to prepare everything against the pandemic compared to Europe, as the American governments had around three weeks in comparison to Europe to plan the strategy against the effects of the virus. Another example is the population mean age as Europe has an older population than United States and there are scientific researches that directly correlate the mortality of the disease with the age. The national health systems from United States and Europe are totally different, as in Europe, in general, the universal health coverage is the approach and in United States, the private health insurance system is sometimes very restrictive and is not having a general coverage. The density of population is also an example of the differences between those areas as United States has a lower population density compared to Europe, and this is another key fact affecting the spreading of the COVID19.

With this scenario, national European countries responded with several measures but it is important to highlight the strong comprehensive economic response that was adopted by the European Organisms, concretely by the European Commission with several initiatives as the flexibility of the fiscal rules, creation of a Coronavirus Response Investment Initiative with the main purpose of providing liquidity to small business and specially to the health sector or the creation of a fund to help mitigating the unemployment risks, enhancing preserving jobs and supporting families. Moreover, in July 2020, the European Council agreed to inject 390 billion in grants to the member states acting as a support for the recovery plans to be summed up to the national plans.

The United States is one of the most populous nations in the world, so, the American government have tended to simplify as much as possible the measures. It is important to highlight that United States has 4% of the world's population and its role in the pandemic rises up to 21% of the infections and deaths. In United States, the pandemic caused the biggest blow to the GDP since the Great Depression, falling at a 32.9% annualized rate. Therefore, the response from US Federal government was based on direct financial support to the businesses, and local governments and aiding low-income households as well as ensuring enough liquidity in financial markets.

The main objective of the study is to compare the different measures adopted by Europe and United States and analyze the impact they have had in the economy, especially evaluating the effect on small and medium businesses. The purpose of this analysis is to extract specific conclusions about the impact of the measures adopted in each region and the potential needs that were really uncovered by the governments so some lessons could be extracted from those conclusions.

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