# Public Health and Federalism amidst the Coronavirus Pandemic

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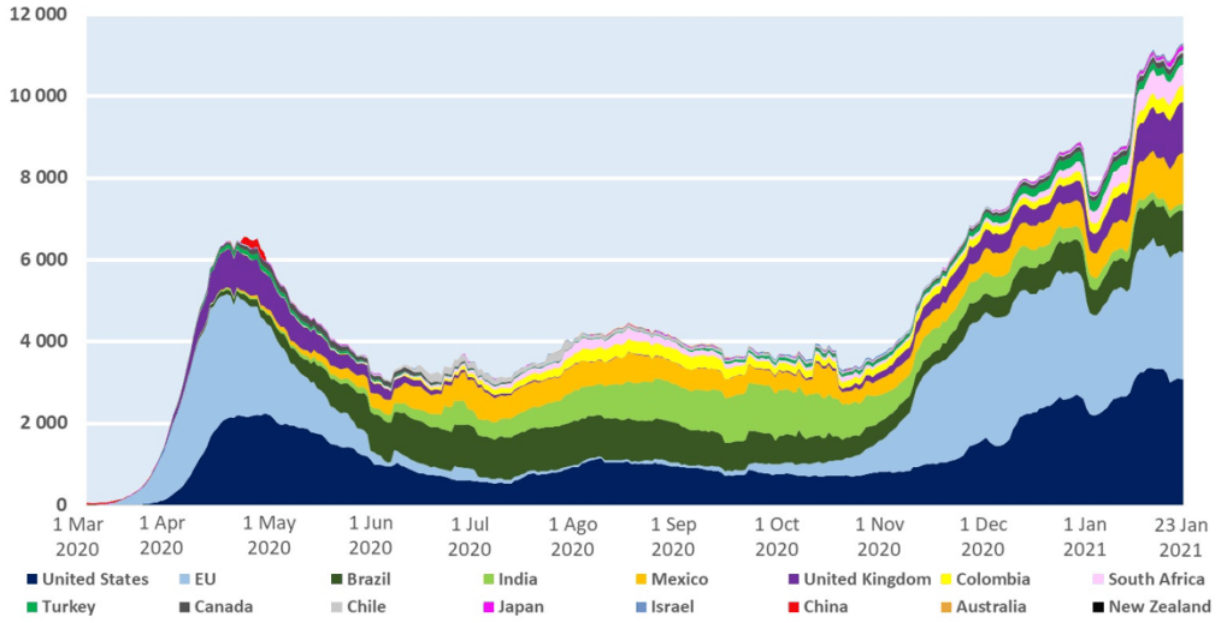


*by Sean Dougherty (@econecho) & Pietrangelo De Biase, OECD Fiscal Network*

The rapid global spread of the Coronavirus caught authorities by surprise one year ago. In a matter of weeks, a virus outbreak that initially seemed to affect only China and a few neighbouring countries spread to virtually all countries around the World. Time was short to digest the impact of the outbreak, while little was known about the mortality rate of the virus, nor about the effectiveness of various containment measures and treatments.

**Rapid spread of COVID-19: In about six weeks, the daily number of COVID-19 related deaths in OECD and partner countries went from zero to over 6 500**

Number of COVID-19 related deaths per day in OECD and partner countries




*Note:* Deaths reported until 23 January 2021. Data were smoothed using a 7-day moving average.
*Source:* Authors based on the dataset from Our World in Data (based on the John Hopkins University collection and WHO).

Public health is often managed by multiple levels of government, which poses special coordination challenges for quickly designing and implementing a harmonised response. The OECD's Fiscal Network and Joint Health Network have shown that subnational governments (SNGs) are often responsible for managing health inputs and budgeting, while central governments define policy and carry out oversight (James et al., 2020). Many decisions related to healthcare are shared across levels of government. Consequently, intergovernmental coordination is crucial.

A wide range of coordination mechanisms have been deployed, yet there still exists substantial uncertainty regarding what does and doesn't work. Alternative mechanisms have widely varying advantages as well as implementation challenges, and no single approach can be considered superior to all others. Notably, there are successful cases of both centralised and decentralised responses, although centralised responses were twice as frequent as decentralised ones in a survey of policy

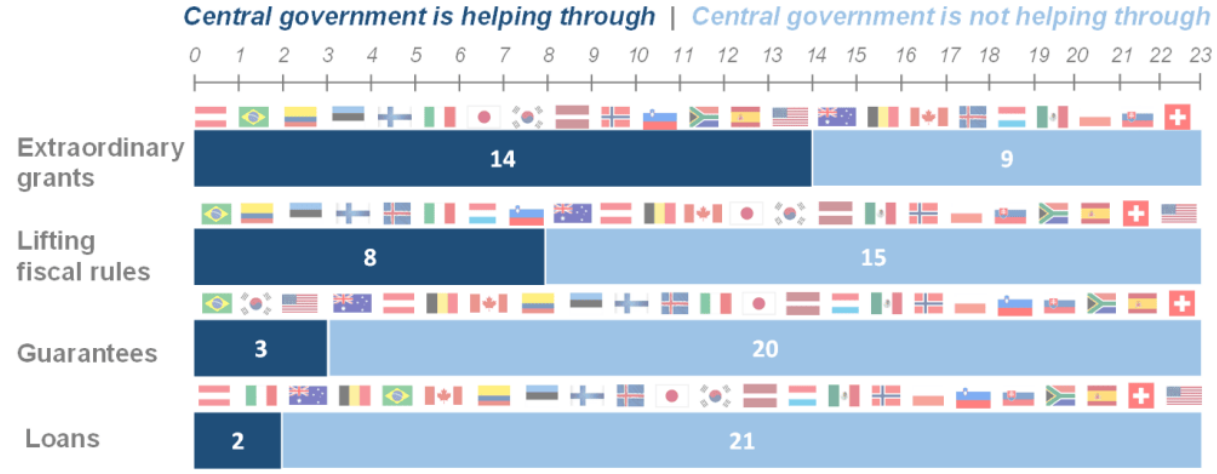
responses to the first wave of the pandemic (Dougherty et al., 2020).

More decentralised responses give more autonomy to regional and/or local governments to change the substance, process and timing of the measures recommended by the central government. For instance, in the United States, northeastern states imposed relatively strict lockdowns, while states such as Texas, Florida and more rural states were more hesitant to enforce strict lockdowns affecting their jurisdictions. In contrast, France’s more centralised policies, such as the enforcement of lockdowns and prohibition of public gatherings, entered into force at the same time throughout the entire country.

Both a centralised and a decentralised approach can be appropriate (de Biase and Dougherty, 2021). Centralisation can be justified by the fact that responses to the outbreak have substantial spillovers and the crisis requires a national effort to implement a country-wide response. On the other hand, since there is uneven impact across regions, and containment measures are immensely costly for the economy and well-being more broadly, subnational autonomy can be important for each region to select the policies that target the preferences and needs of its local citizens.

**Regardless of the degree of centralisation of policy responses, SNGs are receiving central support to even out their fiscal capacity**

*Measures employed by central governments to improve subnational liquidity*




*Source:* Based on the COVID-19 Rapid Survey held by the OECD Fiscal Network in June 2020.

It is worth highlighting that there is evidence that a prompt timing of policy actions can significantly affect the contagion curve and fatality rates through the adoption of less invasive measures, including lessening the fiscal impact at the subnational government level. The early use of test-and-trace accompanied by comprehensive contact tracing with effective isolation of those infected – combined with the support of other public health policies, such as mandating mask-wearing in public environments, limiting visits to care homes and stay-at-home recommendations for the most vulnerable – have helped reduce the spread of the virus in a number of jurisdictions without resorting to strict lockdowns (Égert et al., 2020).

## Institutional mechanisms

The necessary involvement of actors from different levels of government with their own interests poses challenges for intergovernmental coordination. Authorities may call into question the existing balance of power and narrative regarding the measures that they are supposed to take together, potentially leading to political deadlocks. In order to avoid such political deadlocks and foster cooperation, different

institutional mechanisms were put to use.

Countries have been re-orienting or creating new institutions to improve intergovernmental coordination (especially centres of government). These bodies have been holding regular meetings (primarily virtually), involving representatives from multiple levels of government and policy areas, as well as scientists and public health experts. While some countries (e.g. Chile, France) created new institutions with the sole purpose of handling emergencies, others adapted existing structures to tackle this specific crisis (e.g. Belgium, Italy).

In the executive federalism approach, mayors, state governors and the prime minister/president (executive branches of multiple levels of government) establish frequent meetings, formal and/or informal, to define and monitor responses. It requires agreement among authorities since, there is no legal mechanism that mandates the implementation of certain measures. Australia offers an example of the use of such mechanism. In light of significant subnational autonomy, a re-oriented centre of government (known as the National Cabinet) was used to create consensus and coordinate responses.

State-of-emergency laws typically centralise decision-making power in the hands of the executive branch of the central government. Although they can be effective to avoid political deadlocks, the absence of a multi-level governance structure may jeopardise local capabilities to implement central government decisions. A myriad of countries declared state-of-emergencies, leading to a temporary increase in centralised power to tackle the crisis. Notable examples are Germany, Italy, Spain and Switzerland.

Especially in countries that have been implementing a decentralised response, the emergence of new horizontal coordination arrangements among regions has been common (OECD, 2020). The main drivers for this emergence are the existence

of strong links among the authorities prior to the crisis, bipartisanship and territorial policy diffusion.

## Lessons for the future

Waves of infections are a common pattern seen in virus pandemics, which occur partly due to changes in human behaviour and government responses over the course of an outbreak. Thus, subsequent COVID-19 waves are likely to have a different dynamic than the first. Early evidence from Israel suggests that the introduction of vaccines can lead to a drastic reduction in contamination. Nevertheless, the process of introducing vaccines is complex and will probably advance gradually, while the virus is mutating, creating new strains that might be more resistant to existing antibodies.

Another area of uncertainty lies in the interaction between COVID-19 and the democratic process. First, many countries have taken extraordinary invasive measures that may be questioned democratically in the future. The Swiss population, for instance, will vote in June on a referendum to limit the government’s ability to unilaterally impose lockdown measures. There have also been protests over responses to confront the outbreak in many western countries, such as Germany and the Netherlands. Second, the impact of the virus and the measures already taken may aggravate structural inequalities regarding access to education, healthcare and social protection.

In summary, there is vast uncertainty with regards to the future of the crisis, its political impacts and the effectiveness of country policy responses. We need to incorporate lessons from the first waves and remain hyper-vigilant. The crisis is far from over, and cooperation across levels of government will remain crucial.

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