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THE CURRENT: How is Italy handling the coronavirus crisis?

Thursday, March 12, 2020

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(MUSIC)

PITA: You're listening to The Current, part of the Brookings Podcast Network. I'm your host, Adrianna Pita.

As COVID-19, the novel coronavirus, continues to spread around the world, Italy is country which has been hardest-hit after China, with the number of cases there rising in less than 3 weeks from only three to more than 12,000. With us for an update on how Italy is handling the coronavirus crisis is Giovanna DeMaio, a visiting fellow with our Center on the US and Europe. Giovanna, thank you for being here.

DE MAIO: Thank you for having me

PITA: Now that the World Health Organization has officially declared the coronavirus crisis a global pandemic, Italy is under a full national lockdown. I understand that Prime Minister Conte has restricted travel and that all stores except groceries and pharmacies closed for the next few weeks. Tell us what's been happening in Italy and how the government has been responding.

DE MAIO: The Italian government has provided a quick and very clear response to the virus, clearly exposing how all populist and nationalist dynamics are completely useless when there is such crisis. Specifically, the Italian government that is made of a coalition between the Five Star Movement, that is a left-wing populist party, and the Democratic Party, which is the center-left, they've been cooperating a lot, as well as the opposition leader, Matteo Salvini, has set aside his nationalist narrative for a little bit to be more cooperative with the government. This is definitely good news, but it really has shown how anti-globalization sentiment, nationalist sentiment was really set aside with this rising pandemic.

The Italian government has not been afraid of taking some very unpopular measures, unpopular decisions, such as you were mentioning, shutting down schools, encouraging teleworking, but also shutting down shops. This has created a lot of panic. In the beginning, people were rushing to grocery stores, but eventually, everything is under control now and people are proving very responsible about this. Currently, my family and friends that are in Italy are sending me videos with police cars that are driving around the city, encouraging people to stay home. You're only allowed to leave your home for a very short period of time, and only if you have a form with you that specifies why you're going out, if you're going out for groceries or for very important job-related issues.

So, in general, it's a very tough situation. It's also having social repercussions. There have been some turmoil in jails, because inmates were basically neglected [of] their chance to see their families

because of the spread of the virus, so this has turned into turmoil in the jails. Also some people have escaped prison. But it's also resulted in clashes between police and inmates, and people have been injured.

PITA: With all the businesses being stopped, or converted to telework, what's the economic strategy that the government is taking to try and provide some support there?

DE MAIO: The government will be voting tomorrow on deficit spending. Basically, providing the economy 25 billion euros to support families, to support small and medium enterprises that are the core of the Italian economy that are now experiencing uncountable damage because of restrictions. Also tourism – Italy lives out of tourism, and of course the decline in tourism is just incredible. Over 60%, but that's the data that's just coming in. It's rising as we speak. We will be facing big challenges once the virus is gone that will really be the real challenge for Italy. It's even more serious because Italy's growth rate was pretty stagnant for the past few years, and Italy has troubles attracting foreign direct investment, so you can imagine how incredibly hard it's going to be; how hard Italy's being hit right now, and will be in the future.

Definitely there are some economic issues that the government is trying to address with a full injection of money into the system, but there was also on this level an intense cooperation with the European Union. Because of European Union law, specifically the fiscal compact, Italy is obliged to respect a 3 percent deficit to GDP ratio, and of course with this injection of liquidity, the deficit is going to be beyond 3 percent. In an agreement with the EU commission, because of the situation of emergency, this spending that the government is approving will not count as deficit spending. So, we can see collaboration on the EU level. And on this point, I want to link up on the EU response to this.

The EU has created a task force with commissioners in charge of different aspects of the crisis, from the health one to the economic one, and has been willing to provide 25 billion euros to inject into the economy. This will also be helpful further down the road, there will be incredible stimulus most likely from the European Central Bank. At this point, many countries – probably, except the U.S. – have understood that this is a global pandemic and the economic impact is going to be huge.

Italy is facing the consequences of being more transparent on data around the people that have been tested, who have tested positive, etc. Not all countries, I have to say, are doing the same. Italy was at the forefront of sharing information on this, and started with very restrictive measures first in Lombardy, and then extended to the full national territory.

PITA: I also understand that as China has stabilized its outbreak, its number of new infected are dropping, they've now been offering medical personal, equipment over to Italy. Is this now a new step in the relationship between the two countries? Is Italy welcoming this assistance? What's happening there.

DE MAIO: I want to take a step back for a second and talk about the issue of face masks. What happened on March 6, the EU ministers of health, united in front of the European Council, and they discussed lifting the ban on the export of face masks from Germany and France, who are the main producers of this protective medical equipment. It was impossible to convince them to lift this ban, because they were trying to keep this equipment for themselves and not send it to Italy. Therefore Italy had to go on the international market where there is speculation. Now the EU commission has faced this, and there is European coordination around the selling and distribution of this equipment. China at

that point came in, both with private donations – there has been fundraising - but also a company named Xiaomi sent over 1000 masks to hospitals in the northeast. But in general, China is stepping up with medical teams and also sending medical equipment. Italy is buying these masks and protective medical gear; it's not necessarily a donation. Italy is welcoming these measures, of course, and this new step in the relationship, as you were mentioning, because the situation is very serious and there is a lot of stress in terms of intensive care units. There are not enough spots in intensive care, and also some doctors have been affected directly by the coronavirus, so they've had to be quarantined. Italy has been recruiting doctors that have been retired, to call them back to work, and also having new doctors hired immediately because of the shortage of medical personnel; nurses as well.

So any sort of help is, of course, welcome. But the risk is if the EU doesn't show more help, more coordination, and make it more clear how the EU is helping Italy, it will be easy later, down the road when all of this will be gone – hopefully sooner rather than later – that will fuel the populist narrative that Chinese came to help and the EU wouldn't. So I think this is a major stress test for Europe. Europe has to act as a family and not fall into protectionism or nationalist narratives. Some countries such as Austria and Slovenia have closed their borders with Italy. Spain has canceled flights to Italy. So Schengen is under threat, which is a measure that can be taken, because this is an exceptional situation, but the problem is EU countries are not coordinating in terms of Schengen, and that's a risk in terms of fallout of nationalism and protectionism.

PITA: And whether it'll stick around after the crisis is over.

DE MAIO: Yes, exactly.

PITA: Lastly, really quickly, you mentioned hearing from your family and friends. What is the mood, what are you hearing from people in Italy about how they're bearing up?

DE MAIO: It's a situation of a lot of anxiety and panicking, in general. They're trying to stay calm. Everybody's responding very well to staying home and being careful in every aspect of life. Definitely it's a challenge. I'm sure Italy will get out of it, and I think it's so helpful that people are responding this way because the idea is that you're not going to stop the contagion, but you are going to slow it down. And it's so important to slow it down in order to have intensive care units be able to manage less people at a time so there are more chances to be taken care of. So, I think many countries should emulate the example of Italy because now a lot of mathematicians and specialists are looking at data coming from China that has been testing so many people. We actually have good data about China and according to these predictions, it is going to come the same way to other countries in Europe. So the faster we act, the faster we get out of it.

PITA: All right. Giovanna, thanks very much for being here today.

DE MAIO: Thank you.