

The financial and social sideeffects of lockdowns in Germany

Dieter Korczak (Feb 12, 2021)

1. Corona Morbidity – Facts

After the first wave of Covid-19 infections in March/April, the spread of virus calmed down in summer 2020. From October onwards, the infections then rose steadily. Though the second lockdown started at October 28, a sharp increase in Corona cases was not prevented. From that date on, the number of infected people exceeded 100,000 cases every week until the second week of January 2021

The causal chains have not yet been conclusively clarified. Outbreaks are being reported from various districts throughout Germany, particularly in nursing and long-term care homes, hospitals, occupational settings, celebrations and church services. Additionally, in many districts, there is an increasingly diffuse spread of SARS-CoV-2 without traceable transmission chains.

From March, 2020 until December 2nd, 2020, 29.141.172 Germans have been tested by PCR-tests. The test is executed in case of symptoms (e.g. cough, fever, rhinorrhoea) or (possible) exposition to Covid-19 as well as in nursing homes, hospitals, doctors' surgeries for staff, patients and visitors on medical prescription. The test can also be made voluntarily as a self-pay.¹ The number of confirmed infection cases was 1.115.228 persons (3,8%).²

At January 31, 2021, 40,7 million persons have been tested, 2,32 million persons have been Corona-positiv registered. The Corona-associated death rate was 2,45% of the infected persons (56.945 death).

Of all deaths, 89% were among people aged 70 years or older, with a median age of 84 years. This is more or less the average longer life expectancy of men aged 65 and over.

Vaccination started at December 26,2020 in Germany. Until January 31, 1,855 million persons (2,2% of the population) had received their first vaccine dose. 461.701 had received already the second dose.

1 https://www.rki.de/DE/Content/InfAZ/N/Neuartiges_Coronavirus/Teststrategie/Nat-Teststrat.html

2 Böttcher S, Oh D-Y et al.: Erfassung der SARS-CoV-2-Testzahlen in Deutschland. Epid. Bull. 2020, 49:14-20

2. Empirical Surveys – Results

There have been a number of empirical surveys on how households will be affected by the lockdown measures in the course of 2020.

In June 2020, 44% of the working population were worried about their finances. The burden of childcare has risen sharply for 41%. For 30 percent, income has decreased compared to February 2020.³

A national online-survey in October 2020 showed that 35% of the adult respondents expressed a loss of income due to Corona. 25% were afraid of not being able to meet their financial obligations.⁴

The second wave of Covid-19 infection is unsettling consumers in terms of economic and income expectations, as the current GfK consumer climate shows. In January 2021, 54% are very worried or rather worried about their personal economic future. This means that the value is again as high as in the first wave in April 2020.^{5 6}

A study by the Hans Böckler Foundation also shows that lockdowns increase social inequality. 32% of the labour force reported losses in household income during the Corona crisis in June 2020. People with already low incomes are almost twice as likely to suffer losses as people with high incomes. Households with a monthly net income below 1,500 euros were affected significantly over 40%, while only around 26% of households with a net income of over 4,500 euros reported financial losses.

The following groups are particularly affected by the financial losses: Self-employed and freelancers, employees in the hospitality industry, people in atypical and precarious employment (e.g. agency workers, mini-jobbers), single parents and families with migration background.⁷

In November 2020, the self-employed (30%), mini-jobbers (26%), short-time workers (48%) and the unemployed (55%) in particular perceive their financial situation as extremely burdensome. 44% of short-term workers are afraid of losing their job.

2

3 Results from the study „Leben und Erwerbstätigkeit in Zeiten von Corona“ by the Institute for Employment Research, June 2020

4 Creditreform: SchuldnerAtlas Deutschland 2020. Krefeld November 2020

5 https://www.gfk.com/hubfs/GfK_Press_Release_Weihnachten%202020.pdf?hsLang=de . 10.02.2021

6 <https://www.gfk.com/press/Harter-Lockdown-laesst-Konsumklima-einbrechen?hsLang=en> . 10.02.2021

7 https://www.boeckler.de/pdf/p_wsi_report_62_2020.pdf . 10.02.2021

Since the beginning of the Corona crisis, 44% of short-time workers, 40% of the self-employed, 29% of mini-jobbers and 50% of the unemployed have had to draw on their savings, if any. Overall, 53% of short-time workers have existential worries.⁸

If financial concerns are present, physical violence against women occurs in 8.4% and against children in 9.8% during the pandemic.⁹

One group that is also particularly hard hit by the lockdown measures are university students. A student survey showed that immediately before the Corona pandemic, 57% of the students surveyed were employed. Almost 40% of these students were in a more difficult employment situation (21% of all students surveyed): they had been dismissed, given unpaid leave or had their working hours reduced. The income situation of the parents has also worsened for 32 percent of the students. Especially for international students and students from non-academic families, the employment and financing situation has become more difficult in the wake of the Corona pandemic.¹⁰

3. Debt advice

The work of the debt counselling centres was made more difficult by the economic and social restrictions of the lockdowns; familiar work processes no longer functioned in many places. As a result of the municipal responsibility for debt counselling, there were no uniform concepts and guidelines for the challenges that arose.

The majority of the debt counselling centres switched to home-office, which made it more difficult to handle documents in a way that respected data protection. The obligation to wear a mask was a barrier to communication, and the resulting limited facial expressions and gestures impaired the building of trust. The counselling was therefore limited to existential problems as far as possible under the given framework conditions.

On the other hand, the lockdown has led to creative, mostly digital solutions being found. Telephone or web-based counselling was introduced and/or further developed. However, this can also result in access barriers for clients with a lack of language skills, digital equipment or digital literacy.

3

⁸ Pusch T, Seifert H: Stabilisierende Wirkung durch Kurzarbeit. Wirtschaftsdienst. Heft 2/2021

⁹ <https://www.tum.de/die-tum/aktuelles/covid-19/artikel/article/36053/> 10.02.2021

¹⁰ Becker, K Lörz M: Studieren während der Corona-Pandemie: Die finanzielle Situation von Studierenden und mögliche Auswirkungen auf das Studium, DZHW 09/20

4. Discussion

Currently, the 7-day incidence and the fear of viral mutations are the decision drivers for policy. The crucial question remains almost entirely unanswered: where do people become infected? The indicators for the risk situation - number of positive tests, reproduction rate, 7-day incidence - are not evidence-based. The key benchmark for the 7-day incidence is 50 new infections per 100,000 inhabitants. This means that there should be a population risk if 0.05% of the population is infected within one week. In the Minister Presidents' meeting with Chancellor Merkel on 9 February 2021, the reference value for new infections was lowered to 35/100,000 inhabitants. From a scientific point of view, this indicator is not valid for assessing the incidence of infection in both variants, as the estimated number of unreported cases of infected persons without symptoms is four to six times higher.

Already at the beginning of the pandemic, the group of scientists around Schrappe called for a systematic large cohort study to be set up in order to be able to realistically map the spread of the virus in the population.¹¹ Why the Federal Ministry of Health and the RKI have not initiated this is not known. Instead, mandatory stay-at-home and business closures are used as most restrictive nonpharmaceutical interventions (NPIs) for controlling the spread of COVID-19.

The question of whether a lockdown is more effective than following the hygiene rules (keep your distance, ventilate, wear a breathing mask) is debatable. Scientists at Stanford University did not find significant benefits on case growth of more restrictive NPIs.¹²

According to the analysis by Chaudhry et al. the factors that correlate most strongly with Covid-19 death outcomes are average age, the extent of income inequality and obesity rates. Each additional year in the average age of the populations led to a 10% increase in Covid-19 deaths. Every percentage point increase in obesity rates led to a 12% growth in Covid-19 deaths. In contrast, every percentage point in the direction of a more equal distribution of income in the population leads to a 12% decrease in Covid-19 deaths.¹³

4

11 Schrappe M, Francois-Kettner H: Thesenpapier zu SARS-CoV-2/COVID-19: Datenbasis verbessern, Prävention gezielt weiterentwickeln, Bürgerrechte wahren (Originalversion). Monitor Versorgungsforschung, online-first . 5.4.2020

12 Bendavid E, Oh C et al.: Assessing Mandatory Stay-at-Home and Business Closure Effects on the Spread of COVID-19; European Journal of Clinical Investigation. Open Access. 5.1.2021

13 Chaudhry R, Dranitsaris G et al: A country level analysis measuring the impact of government actions, country preparedness and socioeconomic factors on COVID-19 mortality and related health outcomes. Lancet. Vol. 25, 1.8.2020

A systematic review indicates that smokers are more likely than non-smokers to have a severe course of corona infection and 2.4 times more likely to require admission to the intensive care unit.¹⁴ The results of another study suggest that cumulative exposure to cigarette smoke is an independent risk factor for hospital admission and death from COVID-19.¹⁵

The Centers for Disease Control and Prevention published that adults of any age with the following conditions are at increased risk of severe illness from the virus: cancer, chronic kidney disease, COPD, Down syndrome, heart conditions, immunosuppression from solid organ transplant, obesity, pregnancy, sickle cell disease, smoking and type 2 diabetes.¹⁶

The resources available in the health sector remain largely unconsidered in the public discussion about the dangerousness of the virus and the usefulness of the control measures. The health offices are understaffed and poorly equipped technologically. The Corona app developed at great expense for contact tracing and to support the health offices has little effect. The app has been downloaded 25.6 million times (as of 11.2.2021). However, only 59% of users have chosen to share their positive test result with other users.¹⁷ There are also significant concerns about its effectiveness (e.g. valid distance measurement) and privacy risks.¹⁸

There has been a shortage of nursing staff in old people's homes, nursing homes and hospitals for years. In 2012, the need was forecast at 337,000 additional nursing staff until 2020.¹⁹ Instead, the number of vacancies in elderly care has increased by 71 per cent, in nursing by 40 per cent between 2012 and 2018. The nursing gap is mainly cushioned by overtime. 82% of workers in elderly care and 87% of workers in nursing had overtime in 2018.²⁰ Hospitals as well as old people's and nursing homes have been continuously privatised and economised over the past decades. Since nursing homes account for a significant proportion of all deaths from Covid-19, there appears to be a direct causal link here with the nursing shortage.

5

14 Zhou F, Yu T, Du R, et al. Clinical course and risk factors for mortality of adult inpatients with COVID-19 in Wuhan, China: a retrospective cohort study. *Lancet*. 2020. doi:10.1016/S0140-6736(20)30566-3.

15 Lowe KE et al: Association of Smoking and Cumulative Pack-Year Exposure With COVID-19 Outcomes in the Cleveland Clinic COVID-19 Registry. *Research Letter. JAMA Internal Medicine*. 25.1.2021

16 <https://www.cdc.gov/coronavirus/2019-ncov/need-extra-precautions/people-with-medical-conditions.html> 12.02.2021

17 https://www.rki.de/DE/Content/InfAZ/N/Neuartiges_Coronavirus/WarnApp/Archiv_Kennzahlen/Kennzahlen_11022021.pdf?__blob=publicationFile 12.2.2021

18 Siehe dazu Korczak D (Hrsg.): *Digitale Heilsversprechen*. Frankfurt 2020

19 Korczak D: *Gesundheitswirtschaft – Status und Perspektiven in Bayern*. Hrsg. Bayme-vbm-vbw. München 2012

20 Berufsgenossenschaft für Gesundheitsdienst und Wohlfahrtspflege: *Pflege in Deutschland – 2012 bis 2018*, Hamburg 2020

Social, mental and psychological well-being has been an elementary component of the concept of health since the WHO definition in 1948. A major criticism of the current health policy in Germany is that these aspects of health - as has been seen - are completely neglected.

5. Outlook for 2021

- There will be an increase of over-indebted persons and households
- The number of short-time workers will remain higher than before Corona level
- There will be an increase of insolvencies
- There will be a greater need for debt advice
- Due to the already exhausted capacity, it is very questionable whether the debt counselling centres can cover the demand
- If the speed of vaccinations remains the same as before (weekly 60.000), herd immunity will not be achieved in Germany until the end of 2025 at the earliest.

Author Affiliation: GP-Forschungsgruppe, Bernau bei Berlin

Corresponding Author: Dieter Korczak, GP-Forschungsgruppe,
16321 Bernau bei Berlin, Breitscheidstr. 16

dieter.korczak@gp-f.com

Conflict of Interest: None

Funding: None