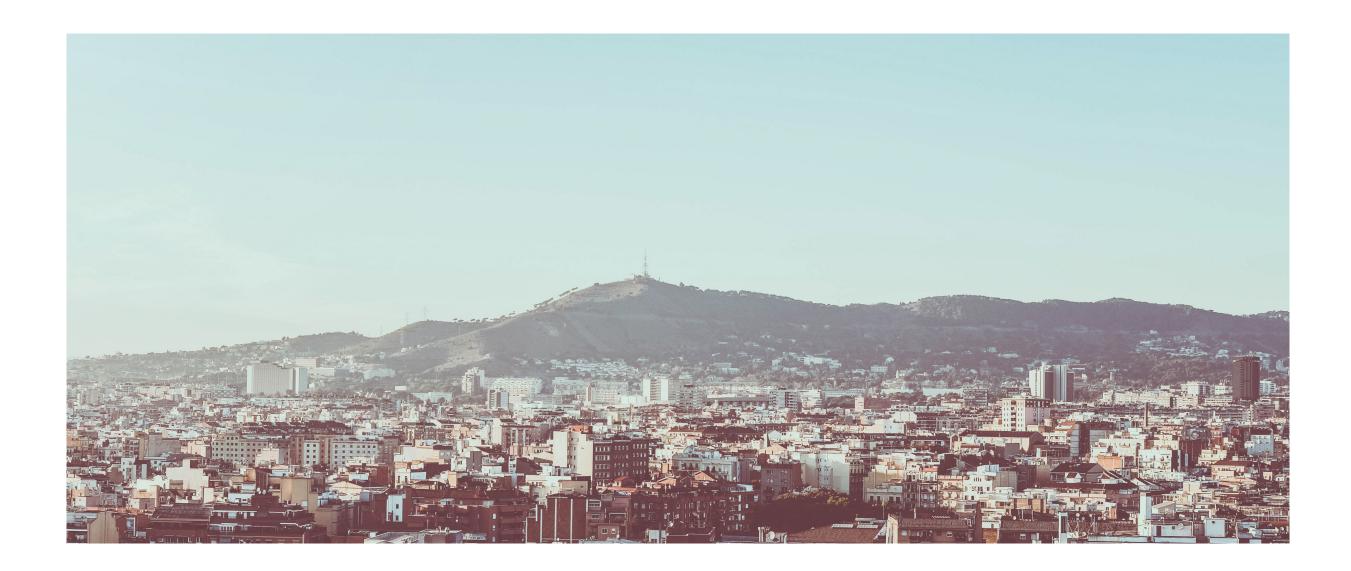
FEPS COVID RESPONSE PAPERS July 2020 | #6

CITIES AGAINST THE PANDEMIC



Summary

In times of major crises such as the one we are facing right now, strong and coordinated interventions are needed at the central and the local levels of government.

In this paper, concrete examples are given of the vital role local governments play in the fight against the pandemic.

The tasks of local governments are especially difficult in countries where the welfare system is underdeveloped, and cities constitute the last resort for people not protected by other systems.

Municipalities can play a crucial role in ensuring that all members of the community are taken care of when the economy is at great risk of collapse.

Some European cities have gone to great lengths in finding innovative ways to protect vulnerable groups: examples include Vienna, Barcelona, Berlin, and London. We must not forget that cities are key stakeholders in the fight for environmental sustainability. Their contribution to tackling the present crisis could serve as a blueprint for future social policies that take into consideration the green economy. In many countries, cities are the last bastion of progressive social policies. It is therefore essential that we learn from the mistakes of the past and avoid a renewed wave of austerity against municipal budgets.

About the author:

Iván Tosics

Metropolitan Research Institute, Budapest

CITIES AGAINST THE PANDEMIC

Iván Tosics

Metropolitan Research Institute of Budapest

Table of Contents

1.	CHRONIC CRISES COMPOUNDED WITH THE SHOCK OF THE PANDEMIC	2	
2.	MULTILEVEL GOVERNANCE SYSTEMS AND THE ROLE OF CITIES	3	
3.	INNOVATIVE LOCAL POLICIES DURING THE PANDEMIC	3	
4.	THE "TRADITIONAL" SOCIAL PROTECTION TASK OF CITIES	6	
5.	THE NEED FOR EXTRAORDINARY INTERVENTIONS TO TACKLE UNUSUAL CHALLENGES .	7	
6.	THE KEY TO RESILIENCE: COOPERATION BETWEEN LEVELS OF GOVERNMENT	8	
7.	SOME POSITIVE IMPACTS OF THE PANDEMIC ON CITIES	9	
8.	THE EMERGING NEW EU FRAMEWORK	9	
9.	CONCLUDING REMARK	. 10	
ABC	ABOUT THE AUTHOR11		
CED	S COVID RESPONSE INSIGHTS	11	



1. CHRONIC CRISES COMPOUNDED WITH THE SHOCK OF THE PANDEMIC

The pandemic has turned the world upside down within a few weeks. The fight against the virus has made European nation-states stronger, both in relation to the EU and against their own regions and cities. Since February, national borders have been closed, and key decisions were taken in single centralised power centres in each country. For a few weeks, the virus seemed to have terminated all dreams of reform regarding a federalist EU or national decentralisation.

Local municipalities have suddenly found themselves in a peculiar and difficult situation. On the one hand, they have become ever more subordinated to higher levels of administration and political power. On the other, they face unprecedented levels and new forms of social and economic problems which they must react to.

Besides the direct health impacts, the economic and social consequences of the pandemic have also been extensive. Many sectors of the economy came to a standstill, as a result of which unemployment increased dramatically. The different types of confinement policies, introduced to slow the spread of the virus, radically changed the livelihood of citizens, thus exacerbating preexisting social problems while also creating new ones.

Although 'everyone is affected' by the lockdown policies, it is clear that people are withstanding the difficulties from vastly different positions. The most affected individuals are those who were already at risk of poverty and social exclusion. Types of employment and housing conditions are key determinants of the ability to maintain income, health and quality of life during the quarantine. While most white-collar workers are able to survive in remote employment or home office, a large share of blue-collar workers either lost their job or face the risk of getting infected at work. At the same time many of the lower-

middle-class families who used to be in relatively secure positions started facing some risks. Poverty is not only about income; it is a multidimensional phenomenon. Today more than ever, the various dimensions of inequality – e.g. access to employment, food, housing, broadband, education, social networks, and supports services – are playing a part in unequal personal and health outcomes.

Moreover, all these effects are linked to complex societal processes. The issue is further complicated by the fact that the pandemic is not the only crisis of our time. The present shock is an addendum to preexisting, chronic crises, such as environmental unsustainability, the growing problems of the prevalent economic development models, and mounting social inequalities. Although different in their character, these crises are interlinked; they all require approaches that are in synergy with the efforts to tackle the other problems (i.e. avoiding externalities of negative interventions).

These distressing problems clearly cannot be solved on a single level of government. This means that in searching for policies and interventions in each country, good multilevel cooperation is needed between the national, regional, and local levels of governments. Moreover, EU-level policies need to be channelled into this cooperation.

In the flood of daily news, information is often lost on how the national multilevel-governance systems work under the extraordinary conditions by the caused pandemic. Furthermore, the role of cities is frequently ignored, especially what they can do within the room of manoeuvre at their disposal, and despite their subordinated positions within systems of government. Below, I present some experiences, highlighting innovative urban initiatives based on examples taken from EU cities.

2. MULTILEVEL GOVERNANCE SYSTEMS AND THE ROLE OF CITIES

Cities are part of multilevel governance systems in each country. However, there are large differences the in extent decentralization of tasks and financing across member states. Just to show the magnitude of subnational differences: government expenditure can range from 0-2% (Malta, Cyprus, Ireland) to 25-35% (Sweden, Denmark) of GDP. Local governments have larger tasks and responsibilities in the latter, more decentralized countries.

The important factor in the handling of crises is not so much the level of decentralisation, but rather the cooperation between different levels of government. According to the literature₁, this constitutes an important part of the resilience capability of countries. It is a widespread approach, however, "to solve problems centrally through expert advice while ignoring the interests, information and capabilities of others involved".2 Under the present pandemic, there were several examples central governments on concentrating power to the extreme, not giving additional financial help to (or even taking away money from) subnational governments in their fight against the virus.

The EU has a special role to play in multilevel governance. EU programmes are usually run under shared management, which means that the Commission is in direct contact only with the national level. The URBAN programme was an important exception, whereby cities received funding directly from the EU to integrated, area-based implement programmes. However, this programme has been terminated in 2007. Since then, cities are subordinated to the will of their national governments - which differ greatly in the extent they give independence to cities to design their development programmes.

3. INNOVATIVE LOCAL POLICIES DURING THE PANDEMIC

The examples in this report are from some of the largest cities in the EU, where many of the difficulties of the pandemic were concentrated, giving us insight into the relevant policies and interventions employed. Needless to say, there are slight differences in how types of cities (small, medium; close to a metropolis or in peripheral location) reacted to the pandemic. Good overviews are given on the variety of cases and responses in the compilation made by Politico and in the following two collections.

Concerning the constrained competencies of municipalities under the crisis, the most visible interventions were implemented in the use of public spaces and the coordination of public transport.

social enforcement of distancing The necessitates the reorganisation of public spaces, with the aim of "democratizing" the access to streets. It has become a common practice of cities, for example in Budapest, to designate new cycle paths, first on a temporary basis, but with the potential to keep them of the permanently. One larger-scale interventions was the temporary closure of the bank of the Danube for the weekends, handing over the otherwise busy road to bikers and pedestrians.

¹ Elinor Ostrom - Marco Janssen, 2005: MultiLevel Governance and Resilience of Social-Ecological Systems





The Pest-side embankment of the Danube, closed for motorised transport.

Source: Mónus Márton / MTI

Milan decided to undertake radical interventions to extend its cycling and pedestrian infrastructure. Streets in the total length of 35 kilometres have been redesigned to reduce car traffic by widening sidewalks and creating new cycle lanes. In parallel, a 30 km/h speed limit was introduced for safety

considerations. On the short run, city officials hope this will prevent a resurgence of car use once residents return to work. The first aim is, therefore, to manage the short-term crisis of 2020, and only later will the urban management start thinking about how the provisions can be prolonged and eventually incorporated into longer-term plan.





Plans for Corso Buenos Aires before and after the Strade Aperte project. Composite: PR Source: <u>The Guardian</u>.

Brussels is taking similarly radical steps, opening all roads in the entire city centre to pedestrians and cyclists, facilitating the compliance with social distancing regulations. In the new traffic order, all vehicles are subject to a speed limit of 20 km/h, while pedestrians and cyclists get the priority in the city centre. According to the municipal administration, the aim of this measure is not to ban cars from downtown, but to distribute the available public space more rationally.

An interesting initiative took place in Berlin, called the "play streets"; if requested by at least seven residents of a street, the district municipality considered the closure of the street for through-traffic, turning it into a temporary playground. The city also supplies logistical assistance, provided that residents commit to undertake day-care for their children



Temporary play-streets in Berlin.

Source: www.berlin.de

Perhaps the only good news for motorised transport is that in several cities, e.g. in Vienna and Lisbon, parking has been temporarily made free. This was, in all cases except for Hungary, a decision of the city administration, and in many cases (e.g. in Warsaw) the cities resisted to make any concessions to car drivers.

Without a doubt, the most complicated part of the urban commute issue is the debate on the that public transport. City leaders know that public transport, on which the sustainable goal of compact urban development depends, needs to be defended against popular attacks. A typical example of such statements is blaming the crowded metro systems for the spread of the virus. While there is yet no proof for the validity of this proposition, urban residents feel threatened, and many of them refrain from using public transport. The question is then how to reorganize the life of

cities so that social distancing can be implemented while still enjoying the benefits of public transport. In other words, how can we avoid the overcrowding of public transport?

There are many ideas in the pipeline, such as differentiating the starting hours of schools, offices, and other working places, or redesigning monocentral cities into polycentral, thus creating neighbourhoods with short travel distances. Besides ideas aiming to reduce mobility needs, there are also efforts to reorient urban mobility to non-motorized forms of transport. Lisbon, for example, has created a €3 million fund to support the purchase of bicycles, while British researchers have shown that e-bikes could have the greatest impact on maintaining low levels of emissions within and outside urban areas. The increase in biking will help reduce the congestion of public transport.

The most burning question remains, however: how will cities finance running their public transport systems while facing lower revenues from ticket sales. A reduction of public transport capacity would increase car use, thus the only alternative is to increase state subsidies for public transport.

Furthermore, most cities recognized that to avoid a sharp increase in individual car use, new financial and regulatory tools are needed that make car users offset the external damage they cause. Antwerp, for example, made the regulation of its environmental protection zones more stringent. In the case of London, the amount of congestion charge has been increased by 30%, from £11.50 to £15. Moreover, the period in which drivers need to pay a fee has been extended to 07:00-22:00. This measure will be in place for a year, having been introduced as one of the conditions of a recent £1.6bn bailout deal between Transport for London and the government.

4. THE "TRADITIONAL" SOCIAL PROTECTION TASK OF CITIES

In a crisis, it is of top priority to protect those who still have access to housing. A recent overview of housing protection measures across EU member states shows that in most countries at least one of the first adopted measures aimed to help people with a mortgage. This was often done by introducing a moratorium on payments and protection against possession, either only for those who could prove they have been negatively impacted by the virus or, in some cases, for all mortgage debtors. Regarding rental housing, a great share of member states introduced a moratorium on evictions and rent increases. As these measures bring about critical financial consequences on publicly-owned and nonprofit housing companies, there are ongoing negotiations in several member states on what share of the losses will be covered by the national government.

Besides national regulations, many cities, such as Berlin, Florence, or Athens, provided support to those who experienced difficulties paying rent or utility bills. In Vienna, for example, 14,000 citizens have already sought help from the "Wohnservice Wien", the city's competence centre for all housing-related issues. Further interventions aim to support landlords. A good collection of examples on innovative housing measures has been prepared by 'Arena for Journalism in Europe'.

If these measures prove to be effective, they will constitute a buffer that keeps members of the community from losing their homes during the pandemic. The situation of those who are already homeless is extremely difficult, however, especially those individuals who dwell on the streets. Multiple cities made efforts to increase the capacity and safety of their shelters, while also offering alternative accommodation, in some cases securing hotel rooms for the poorest. In Brussels (and in Oslo, etc.), homeless people were accommodated in

hotels, as a result of a cooperation between the municipality, the Red Cross, and hotels. All actors gain from this partnership, including the hotels, who need not shut down their business entirely – at the cost of letting out rooms at a lower price. In Milan, the city has set up a fund in partnership with a bank to rent hotel rooms for the homeless. Some further recent examples have been collected by the Economist. In Britain, the government instructed local authorities to place the homeless in hotels without delay and provided financial support for the measures. An official target of ending public homelessness by 2024 has been almost completely achieved in the blink of an eye. More than 1,000 homeless people were given hotel rooms in London before the end of April, and the number of people sleeping on the streets in England has dropped to 500-600. In other cities, like Barcelona, agreements have been reached with Airbnb to give some of the empty apartments for families in difficulty - as EU Observer reports.

There are cities where similar emergency measures are less needed as homeless care works more efficiently. In Vienna and some German cities (similarly to the national regulation in Portugal), even illegal migrants were given temporary access to social services during the epidemic.

Many cities are battling to fight the health risks faced by elderly people in care settings (where the dense population is a major risk factor) and in their own homes (where the contrasting challenge is often isolation). For example, Bilbao is collaborating with citizens to protect vulnerable members of the community, especially the elderly.

A special feature of the current crisis is that the number of people who lose their jobs overnight is extremely high, and previously stable groups of society are driven into precarious situations. Even so, there are nearly no examples of local financial support for the unemployed, as this is

considered a national task that governments can perform with relative ease. In countries where this is not the case (e.g. in Hungary), local governments need to step in, paying emergency social benefits to their citizens, as many districts of Budapest have done, even without having a dedicated budget for this purpose.

5. THE NEED FOR EXTRAORDINARY INTERVENTIONS TO TACKLE UNUSUAL CHALLENGES

While the virus itself is invisible, it has the power to reveal those problems that were previously ignored.

One such example is the inequality in educational opportunities. Cities can improve the quality and inclusiveness of online education by developing services and giving access to digital tools (e.g. The Hague distributed 330 laptops to low-income families, Fuenlabrada gave 370 smartphones to pupils). Other examples are collected by Eurocities and the School at Home! platform, launched by the lead city of the URBACT network On Board.

A major concern of cities is the collapse of the local economy. Small shops and SME's are especially endangered. Zaragoza launched the "We will be back by the time you are back" programme, urging residents to buy vouchers from closed shops. The vouchers can be redeemed once things get back to normal and the shops open. In many cities, shopkeepers received discounts on their rents, e.g. of up to 90% in Warsaw, in addition to the postponement of local taxes. The city of Barcelona established a centre to coordinate the economic and social recovery of the community.

Perhaps Vienna is the European city that made the most effort to protect the local economy by setting up a business fund, "Stolz auf Wien" (Proud of Vienna), which will temporarily invest into local companies that are the most hit from the crisis. The municipality, the Vienna Chamber of Commerce, and private partners raised a total of €50 million for this purpose. The selection process for beneficiaries is organised by a panel of experts.

In order to create a more direct link between farmers and consumers, Lyon has mapped out 350 farmers in the region to help them offer their products through a digital platform. Customers receive the products at nearby grocery stores. Citizens get fresh and healthy food while simultaneously supporting local producers.

Tourism is certainly among the most severely hit sectors of the economy. Vilnius developed an innovative way to help local businesses that are endangered due to Covid-19 restrictions. Every other weekend during the Summer, the city will hold a themed festival dedicated to a different country. The culture of seven nations that are very popular with travellers, Italy, India, the USA, France, Spain, Germany, and Japan, is expected to create the mood of an exotic holiday - within Vilnius. Guests of the city will be able to taste traditional food, listen to cosy concerts, attend unusual exhibitions and performances, educational activities and entertainment for children, special guide tours, buy exclusive products of those countries and to have many other experiences of a true holiday.

Not all cities are forced to support small businesses, however. In Finland, for example, this seems not to be necessary: the national support system has been extended to cover private entrepreneurs (and the cultural sector, including artists), even in the form of making them eligible for unemployment benefits.

6. THE KEY TO RESILIENCE: COOPERATION BETWEEN DIFFERENT LEVELS OF GOVERNMENT

We have seen many innovative interventions that, needless to say, can weigh heavily on the public budgets. The funding of crisis-management measures is, then, of vital importance. This is especially true considering the strenuous financial conditions of municipalities that face dramatically declining tax revenues and the collapse of other sources of income, such as ticket sales from public transport.

There is little knowledge yet on the magnitude of foreseeable municipal budget deficits. Many cities acknowledge that their support actions are based on social commitments, while their actions are a "jump into the abyss" for their finances. Cities, then, trust their national governments to bail them out when once become insolvent. In most countries, local governments are jointly lobbying central governments for increased financial support, highlighting that their actions are essential for the survival of the poorest and to avoid social unrests. Interestingly enough, this issue is most openly debated in North America: US cities are calling on Congress to issue \$250 billion in emergency funding for all communities seeking COVID-19 relief.

Much less is published about the situation of European cities. In Austria, the government allocates €1 billion to local authorities to help them fight the impact of the coronavirus crisis, and similar support is given in Germany. For the moment, it seems that in most countries cities can rightly believe in national government rescue actions – there are only a few countries, like Hungary, where funding is taken away from local municipalities rather than budgetary support given to them.

7. SOME POSITIVE IMPACTS OF THE PANDEMIC ON CITIES

The shock caused by Covid-19 has had a varied impact on different aspects of life. While the crisis severely impacted the economy, deepening existing social inequalities, it also led to some positive developments in the social sphere: homelessness is handled now more efficiently, access to basic municipal services is

granted for free in most cities, and in some cases (e.g. Spain), guaranteed minimum income schemes have been introduced. Positive outcomes could also be seen regarding the environment: air quality has dramatically improved during the confinement period as non-motorized transport modes gained ground at the expense of car use. Furthermore, CO2 emissions have been reduced due to the collapse of polluting economic activities.





Rare sights like blue skies in Delhi have shown that "dramatic change is indeed possible," says the World Institute's Claudia Adriazola-Steil.

Source: Getty Images

Most of these positive changes, however, seem to be windfall gains which might disappear once the pandemic ends. Being aware of this, there is a determination in many cities and in some countries that these unexpected improvements in quality of life should be kept in place. There already are ideas formulated for longer-term innovative policies under the slogan of "we should build back better".

8. THE EMERGING NEW EU FRAMEWORK

During the 2008 financial crisis, governments took on extensive debts to sustain the economy. After the crisis subsided, the public sector was exhausted, lacking long-term financial funding; harsh austerity measures were then introduced with dramatic consequences on some of the national and local economies.

The 2020 COVID crisis can lead to even bigger economic and social problems as the previous one. The current OECD projections show that the initial impact of containment measures may be a loss of up to 30% of GDP. Mistakes of the past should be avoided in the handling of the present crisis. This was one of the guiding principles for the European Commission when

developing its proposal. Starting from the fact that no country can be held responsible for the current crisis, the new Commission proposals of 27 May deliver a very different, solidaritybased programme, as opposed to the austerity orientation of the past.

Most expert evaluations of the new proposals are positive. Analysts agree that increasing the EU's budgetary ceiling and the steps taken towards a common health programme are necessary. The proposed grants of €500 billion and loans of €250 billion are needed to avoid the collapse of the European economic and social standard.

However, the debates about the new proposals are still underway, and acceptance by the

member states is far from being certain. Despite the generally positive evaluation by experts, there are strong critiques from the side of the "frugal four" countries. Besides, there are also growing concerns voiced by the sub-national government level. These fears are based on the fact that the details on the exact conditions and the means of allocation of the recovery fund are not yet known. Cities which already operate with a large financial deficit are afraid that national governments (also being in massive debts) will decide themselves about the spending priorities. If the recovery money from the EU will not help local governments in handling their accumulated debts, a wave of austerity can sweep through Europe once again.

This concern is also phrased by the PES Group in the European Committee of the Regions: "...it must be guaranteed that cities and regions are involved in this recovery plan, as it is normally the case with the cohesion policy. The PES Group will not accept a centralisation of the cohesion policy because of this crisis. ...the respect of the partnership principle and a placebased approach are paramount for efficient and legitimate use of European funding."

In an emerging attempt of large EU cities — Bratislava, Budapest, Prague, and Warsaw — some concrete proposals have been phrased that could constitute the path to an increased role of cities. The proposal includes six channels through which more direct European funding should be given for cities: the European Urban Initiative, the Sustainable Urban Development angle of ERDF, Connecting Europe Facility, Green New Deal, Horizon Europe, COVID-19 Recovery Plan.

9. CONCLUDING REMARK

The recent EU Commission proposal is a step in the right direction in handling the consequences of the present crisis. It is hoped that in the process of adoption and national implementation of the new policies, the local level will be taken into consideration sufficiently, thus enabling local governments to serve their crucial purpose in building a sustainable and just European development.



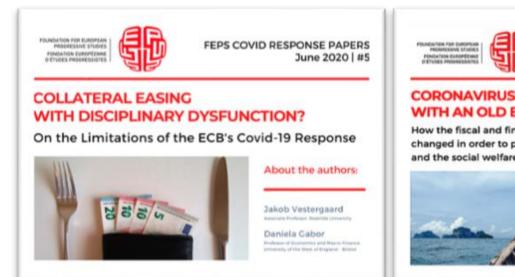
ABOUT THE AUTHOR



Iván Tosics

Iván Tosics is urban explorer and sociologist at the Metropolitan Research Institute of Budapest, with long experience in urban sociology, strategic development, housing policy and EU regional policy issues. He is one of the Programme Experts of the URBACT programme. He is vice chair of the European Network of Housing Research (ENHR), executive committee member of the European Urban Research Association (EURA), Policy Editor of the journal 'Urban Research and Practice'. He teaches at the University of Pécs, Department of Political Science, Interdisciplinary Doctoral School.

FEPS COVID RESPONSE INSIGHTS















All resources are available at: FEPS Covid Response