How Greece flattened the coronavirus curve

John Psaropoulos, *Al Jazeera*, April 7, 2020

An early lockdown, forced by the nation's economic fragility, has meant Greece is only using a tenth of its ICU beds.

Athens was forced by economic circumstances to initiate a lockdown long before other European nations [Alkis Konstantinidis/Reuters]

Athens, Greece - When Greece cancelled carnival celebrations in late February, many people thought the measure excessive. In the western city of Patra, which hosts Greece's most flamboyant carnival parade, thousands defied the ban and took to the streets.

"The government has ordered an end to all municipal activities ... but this is a private enterprise. No one can shut it down," said a jubilant reporter for the local Ionian TV in front of a crew dressed up as 17th-century French courtiers. "They're gathering here on St George's Square, where the [Greek] revolution began in 1821, and that's symbolic," he said.

Greeks quickly put their revolutionary spirit aside, however, and largely heeded government advice to remain indoors. The result has been a remarkably low number of deaths - 81 by Tuesday, compared to more than 17,000 in neighbouring Italy. Even adjusted for population sizes, Italy's fatality rate is almost 40 times greater.

Compared with other European Union members, too, Greece has fared better. Its fatalities are far lower than in Belgium (2,035) or the Netherlands (1,867), which have similar populations, but a much higher gross domestic product (GDP).

"State sensitivity, co-ordination, resolve, swiftness, seem not to be matters of economic magnitude," Prime Minister Kyriakos Mitsotakis recently told a pared-down session of parliament.

"Our schools closed before we had the first fatality. Most countries followed a week or two later, after they had mourned the loss of dozens," he said.

Starting from a weak position

George Pagoulatos, a political economist who heads the Hellenic Foundation for European and Foreign Policy (ELIAMEP), a think-tank, agrees that the government displayed "a very professional, managerial approach early on", albeit largely dictated by inherent national weaknesses.

Greece had very shallow resources with which to tackle a large outbreak. A decade of austerity saw its national healthcare expenses cut by three-quarters. Its intensive care beds numbered just 560 last month, though the government has now raised that to 910, and hired more than 4,000 extra doctors and nurses. Another weakness is that at least a quarter of Greece's population is over 60, and elderly patients have been deemed particularly at risk from coronavirus.

All this has meant that a forward line of defence was Greece's only real defence - but it has paid off.

Greece is using only a tenth of its ICU beds, and has plenty of capacity left over.

Greece's lockdown timeline

* February 27: First COVID19 case. Carnival festivities cancelled.
* March 10: Schools and universities close.
* March 12: Cinemas, nightclubs, gyms, law courts close.
* March 13: Malls, cafes, restaurants, bars, beauty parlours, museums, archaeological sites close.
* March 14: Organised beaches and ski resorts close.
* March 17: Churches close.
* March 18: All commercial shops except supermarkets and pharmacies close. Entry for non-EU non-resident nationals banned. Repatriating Greeks are asked to go into 14-day quarantine.
* March 20: All out-of-doors gatherings of 10 or more people banned, on pain of 1,000 euro fine.
* March 21: Travel to islands banned for non-residents.
* March 23: Nationwide restrictions on unnecessary movement outside the home imposed. People not carrying an ID and a filled-out form stating specific reasons for being out are fined 150 euros. Intercity travel by car strongly discouraged.
* March 24: Greece's Hellenic Civil Aviation Authority bans flights to and from the UK, Spain, Italy and Turkey.
* March 26: Greece's biggest airline, Aegean, suspends all international flights.
* March 28: The Hellenic Civil Aviation Authority bans flights to and from Germany and the Netherlands
* April 2: Swimming and water sports in the sea banned.

The legacy of the economic crisis

Pagoulatos believes that austerity may also help to explain how Greeks put aside their traditionally defiant attitude towards authority.

"Maybe it has helped that Greece has been in an almost constant [state of] crisis management since 2010 ... we've been well past the kind of complacency the economies that have been doing well might allow themselves," he says. "A society that has undergone hardship for a prolonged period knows when personal sacrifice is necessary or inevitable."

As the prime minister's economics adviser, Alex Patelis was present at many of the top-level coronavirus meetings, and tells Al Jazeera that the Greek economic meltdown of the past decade did indeed play a role.

"We want to show that Greece is a serious country. We want people to say that Greece handled this well," Patelis says. "If we succeed, it will have a multiplier effect on our reputation. Greece emerged from a 10-year economic crisis with its credibility crippled, and we want to get past being labelled as the black sheep of Europe."

Greece ended up borrowing 255 billion euros ($277bn) from its eurozone partners in three humiliating bailouts that cost the nation its financial sovereignty and earned it a reputation for thriftless habits.

Yet Greece may now have scored two bull's eyes in winning back its reputation. Just as carnival was being cancelled, Turkey announced it was opening its borders to refugees bound for Europe. Mitsotakis made the controversial decision to push them back. Though fraught with legal and moral controversy, the policy was effective on the ground and won plaudits from Europe's leaders, who called Greece "our European shield".

Handling two simultaneous crises effectively has won Mitsotakis a reputation for good management, in contrast to leaders who treated coronavirus with contempt in the early stages and whose countries are reaping exponential rates of infection weeks later.

Another recession and more austerity?

On March 10, Greece closed its schools, and within the next week all public commercial venues such as cinemas, restaurants and shops. Even its vaunted tourism industry was sacrificed as hotels and museums were shuttered.

Overnight, large chunks of the retail and service economy, normally tax generators, became major government expenses instead. The cost of subsidies and tax deferrals to businesses and 2.4 million affected workers for March and April alone runs to 5.1 billion euros ($5.56bn).

Economic measures
* 1.7 million private-sector workers (about 80 percent of the total) promised handout of 800 euros; cost estimated at 1.4 billion euros ($1.53bn).
* 2.2 million private-sector workers and 700,000 self-employed professionals have taxes and social security cancelled for April; cost to government estimated at further 2.1 billion euros ($2.29bn) and 1.6 billion euros ($1.74bn) respectively.
* Small to medium enterprises given one billion euros ($1.09bn) in cash advance loans from government.
* Government spending 700 million euros ($762m) on hiring more doctors and nurses, setting up temporary health centres, buying tests and preventive personal suits, and offering healthcare workers a bonus.
* Measures to protect the economy will reach a cumulative cost of 14 billion euros ($15.25bn), with 10 billion euros ($10.89bn) in measures to enhance business liquidity - a total of 24 billion euros ($26.15bn) cost, equal to 13 percent of 2019 GDP.

How did a country that only recovered from one recession two years ago so quickly decide to risk another?

"There is a clear trade-off between the health consequences and the economic consequences," says Panos Tsakloglou, an economist who acted as the chief adviser to the finance ministry at the height of the recession. "The earlier you take the social distancing measures, the heavier the blow for the economy ... it's not an easy trade-off."

Patelis says the government's crisis management team turned this argument on its head. "The consensus was that the worse the health problem becomes, the worse the economic fallout will be," he tells Al Jazeera. "It's not as though you're never going to have to take measures ... And there was the fact that if you did not take measures, people would take them for themselves. In reality the dilemma is false."

Again, Greece's previous economic crisis seems to have indirectly pushed it towards its decision. Ever since it graduated from its austerity programme in August 2018, Greece has been selling government bonds when market conditions were favourable in an effort to rebuild its credit profile and lower its long-term interest rates. Raising money without any pressing need for it means that the government has cash flow.

"The 'cushion' [for servicing debt] is 15.7 billion euros [$17bn]. The central government's ready cash in the central and commercial banks amounts to another 20 billion euros [$21.8bn]," the finance minister recently told parliament.

This keeps Greece in its hard-won financial health only for the short term, warns Tsakloglou.

"Estimates tend to say that the fixed cost [of coronavirus] to the Greek budget is 3.5 to five billion euros [$3.8bn-$5.4bn] a month," the former finance ministry adviser said.

"My suspicion is that this is not a fixed number throughout the year. Tourism activity, for example, is highly seasonal. The direct and indirect revenue the Greek state collects from this activity tends to be concentrated in the summer. I tend to believe the cost is likely to be lower now and higher in the coming months ... The [cash buffer] can get us out of the market for about three months. If we are parsimonious it may be a bit longer, but not very much longer."