

How National Models of Solidarity Shape Public Support for Policy Responses in the Covid-19 Crisis

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Abstract:

How do national models of social and economic solidarity shape public support for distinctive policy responses to social and economic crises? Using the COVID-19 pandemic as a signal case, we seek to understand how changes in public opinion in response to similar social and economic shocks are informed by deeper ideational structures among citizens relating to their capacity for empathy, mutual support, and willingness to support and trust public policy interventions. Drawing on scholarly literatures related to moral economies and the social embeddedness of economic relationships, we focus on Germany and the United States, countries with widely divergent modes of integration of capitalist markets and, therefore, potentially different levels of support for particular kinds of policy responses. We analyze American and German policy responses from March 2020 to June 2021 across a number of economic and social policy domains identify path-dependent institutional contingencies in both countries despite essentially the same crisis experience. Drawing from ten different sources of public opinion data, we then triangulate the pandemic's effects on public support for individualized and collectively oriented policy responses. We find support for positive reactions, in line with the logic of a rally-to-the-flag effect in both countries, indicated in increases in confidence and trust in government and approval of the national leaders and in prosociality, evidenced by social trust. The policy-specific reactions are surprisingly predictable given the intensity and breadth of the pandemic in its consequences, and citizens seem to remain relatively unshaken in their expectations of government responses. The German public seems to be supportive, as we would expect, of aggressive policies to combat inequality, though in ways that privilege established social collectivities and groups, whereas in the US, we only see moderate evidence of support for time-limited measures designed to remain in place only for the duration of the crisis.

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How do national models of social and economic solidarity shape public support for distinctive policy responses to social and economic crises? The COVID-19 pandemic has laid bare the limitations of models of economic governance across the advanced industrial world, including gaps in national systems of social protection (including financial support and health and childcare services), the vulnerabilities of global supply chains, over-reliance on social benefits derived from labor-market relationships (such as employer-provided health insurance), and the effects of decades of underinvestment in educational and vocational-training systems. In the process, it has exposed and exacerbated glaring social and economic inequalities, leading some to characterize our era as a “new gilded age” (Pan 2020), in which accelerating accumulations of wealth and the top of the income distribution curve highlight the desperation of a growing and increasingly vulnerable underclass. COVID-19 has thus placed into stark relief disquieting trends that long predate it, heightening the contradictions of late capitalism and discrediting the long-held neoliberal nostrum that limited states and an expansive scope for market forces lead inexorably to generalized economic prosperity. Accordingly, it suggests with renewed urgency the need to rethink the neoclassical consensus predating the 2008 financial crisis, while also revisiting the question of social solidarities and norms of community and mutual support starkly at odds with its conception of atomized, rational, and procedurally equal individuals.¹ In this vein, the dire epidemiological and economic circumstances worldwide since December 2019 suggest a context, within which new conceptions of economic citizenship may emerge, with changing understandings of the socially embedded character of work and new sets of expectations of the scope and character of state involvement in the economy.

In this context, we seek to understand how severe exogenous shocks reshape models of economic governance and public understandings of economic and social solidarity in advanced democracies. Using the COVID-19 pandemic as a signal case, we investigate how the acute uncertainties occasioned by such exogenous shocks and attendant disruptions, reshape citizens’ capacity for empathy and mutual support, their willingness to sacrifice for the sake of societal welfare, and their support for particular kinds of state involvement in the economy. We hope to gain understanding of the extent to which private calculations of economic interest become embedded in conceptions of shared prosperity and public purpose. In so doing, we draw implicit analogies with other kinds of national trauma, such as wars, which have historically transformed both patterns of social solidarity and trust and support for an expansion of government’s role, as with the creation of a comprehensive British welfare state in the aftermath of World War II. In the context of COVID-19, we investigate the extent to which the pandemic has fostered support for particular kinds of public policy interventions and how these patterns of support vary cross-nationally.

In this article, we focus on Germany and the United States, countries with widely divergent modes of integration of capitalist markets, differential levels of state capacity, distinctive systems of social protection, and starkly different institutionalized relationships between capital and labor. Given these differences, we expect *a priori* divergent patterns of social solidarities in the wake of the pandemic and distinctive elite strategies for managing the crisis. We trace American and German policy responses since March 2020 (as well as EU policies that German elites have helped to craft), across a number of policy domains, including social protection, financial assistance to firms, tax breaks for individuals and families, and fiscal-stimulus initiatives. We also undertake systematic analysis of public opinion in Germany and the US about such initiatives and broader questions of trust, inequality and solidarity. We seek to determine the extent to which German and American workers express

¹ For one compelling treatment of the discrediting of the neoliberal model and its replacement with a much more robust conception of economic governance, see (Fligstein and Vogel, 2020).

a willingness for shared sacrifice and view their destinies as socially embedded and linked. In so doing, we connect societal capacities for solidarities, and the broader moral economies from which such solidarities emerge, to support for particular kinds of social and economic policies.

While German and American policy responses have shared important elements, such as support for small business and credits for families with children, we argue that differing conceptions of public purpose, have led to distinctive patterns of public support for both government action in general and specific policy responses in particular. In both countries, the emotional trauma wrought by the pandemic, and public yearning for effective national responses, led to a marked increase in public trust of government and public officials. At the same time, the kinds of policies supported by the public varied significantly with levels of economic embeddedness and the degree of institutionalization of economic relationships. In the US, where such relationships are much more disembedded and public discourse reflects a much more individualized conception of social organization, public and elite support has coalesced behind particularistic benefits aimed at individuals and affected firms. Furthermore, broad patterns of social trust and cohesion have been undermined by partisan and ideological battles over the appropriate role for the state. In Germany, by contrast, both the public and governing elites have tended to favor policy instruments that support strategically important groups in the political economy, such as skilled labor and firms in export-intensive industries, supported by a more robust conception of social purpose and mutual reliance. Relatedly, despite periodic protests against public-health initiatives, the German response has been much less polarized than its American analog, with greater inter-party consensus and shared priorities across the ideological divide.

In the next section, we develop our theoretical framework, which synthesizes sociological and historical conceptions of capitalism with “moral-economy” approaches to understanding prevailing views of fairness and associated patterns of public opinion and support for state intervention in the economy. We then provide a first set of empirics in the overview of German and American policy responses to the pandemic, highlighting characteristic differences that emerge from distinctive public conceptions of public purpose and state action. After that, we present our second set of empirical data, connecting patterns of public opinion in the two countries to levels of social trust and support for particular types of policy interventions. We end with a brief conclusion in which we explore the theoretical significance of our findings and speculate about their implications for other historical periods of national trauma.

From Embeddedness to Public Purpose and Solidarity: Theoretical Underpinnings of Responses to Economic Crisis

The epidemiological and economic shock of the COVID-19 pandemic was, in equal measure, a social and political one, devastating advanced industrial economies and unsettling established paradigms and conventional wisdoms about the relationship between the state and the market in advanced capitalist societies. The attendant disruption to conventional assumptions about the structure and dynamics of capitalist political economies presents an opportunity for researchers to analyze two sets of inter-related phenomena. Both are constitutive of prevailing conceptions of economic fairness: first, public support for social and economic policies designed to buffer workers from the effects of the shock and, by implication, for government more generally. And second, norms relating to social solidarity and mutual support among citizens. Our theoretical point of departure is that the degree of social cohesion, involving horizontal bonds among citizens, shapes the character of citizens’ attitudes toward and trust in the state. These views are likely to increase in both volatility and political salience in times of crisis. In investigating patterns of change in both of these contexts, we seek to shed light on how periods of heightened economic uncertainty and trauma shape public

conceptions of the structure and cohesiveness of social bonds and evolving models of economic governance and the role of the state. In so doing, we work to connect, theoretically and empirically, patterns of social cohesion and embeddedness to the possibilities for a congruent conception of public purpose between the public and governing elites.

Comparative Macro-Level Approaches to Crises: How Political and Social Systems React

In developing our macro-level theoretical framework, we build upon two distinctive scholarly traditions, each stemming from a core set of theoretical concerns. The first entails the rich tradition of the comparative historical sociology of capitalism, exemplified in the work of Karl Polanyi (1957 and 2001). Polanyi provides a deeply sociological conception of the emergence of capitalism, demonstrating that the pursuit of a “market society” was a deliberate construction of the state constrained by limitations to the commodification of labor. Prior to the beginning of the process of market construction in the late seventeenth and eighteenth centuries, Polanyi shows, economic life was informed by the older norms of reciprocity and redistribution, informing such practices as sharing among kinship groups, rather than the transactional norms that emerged during the “utopian” endeavor of market construction (Polanyi 1957). The implication is that patterns of adjustment to disruptive economic shocks are informed by deep structures of human solidarity, which inform the norms that govern human responses to the disruptions of market capitalism. This perspective also provides a theoretical construct with which to understand the character of social bonds and how they help to inform public views of the state and attendant policy expectations.

Polanyi’s emphasis upon the socially embedded character of capitalist economic relations provided a touchstone for political science critiques of the neoliberal, market-based orthodoxies since the 1970s. Mark Granovetter (1985) brought similar insights to bear on more contemporary economic questions and debates over the appropriate and feasible scope of market arrangements in advanced industrial economies. He argues that even highly modern forms of economic life are deeply embedded in social structures and institutions and that the level of economic embeddedness “has always been and continues to be more substantial than allowed by economists and formalists” (Granovetter, 1985: 483). Like Polanyi, economic sociologists like Granovetter locate the foundations of capitalist economies in the social relationships on which market transactions ultimately rely, a view at odds with the transactional and atomized conception of human beings central to classical models. This perspective suggests that in moments of uncertainty, upheaval, and precariousness, people are forced to seek support from non-market sources, whether in the form of state-funded benefits or from their fellow citizens, both within and beyond their immediate familial and social circles.

The second body of scholarship that informs our analytical framework seeks to historicize and identify mechanisms behind the socially embedded economic structures that govern workers’ responses to disruptive economic change. The “moral-economy” literature, exemplified in the work of E.P. Thompson (1964), grew out of the so-called “New Left” in Britain in the 1950s and 1960s, including Marxist scholars such as Stuart Hall and Ralph Milliband, who contended that “culture and ideology had become as important as class in determining the course of history” (Menand 2021: 49). Thompson argues that “a moral economy ... suppose[s] definite, and passionately held, notions of the common weal,” “a consistent traditional view of social norms and obligations, of the proper economic functions of several parties within the community” (Thompson, 1971: 79).²

² More recent work in this tradition includes Peter Swenson’s (1989) work on Swedish and West German industrial relations in the 1980s and Charles Sabel’s (1982) analysis of evolving “world views” among

Such scholarship provides powerful tools for understanding contemporary public and elite reactions to the devastation of the COVID-19 pandemic (for a similar approach, see Koos and Sachweh 2019). Operating from this theoretical orientation, we seek to understand how differing degrees of social embeddedness, and the horizontal ties – both actual and notional – that constitute them inform public trust in government and support for various kinds of policy responses.

Hypothesis #1: Individuals are connected to the market in nationally distinctive ways, and differing patterns of social embeddedness generate divergent expectations of the state and policy trajectories.

Taken together, these literatures generate very different expectations regarding citizens' responses to exogenous shocks such as the COVID-19 pandemic. In sharp contrast to economic models of atomized individuals acting to maximize utility according to rational, and largely undifferentiated calculi, the sociological and moral-economy perspectives post a deeply socially embedded frame, within which individuals act within social contexts and with significant willingness to constrain their individual prerogatives for the sake of collective welfare. Relatedly, they lead one to expect that societies with very different constellations of political and social arrangements, such as Germany and the United States, will respond differently to such shocks, in terms of both citizens' willingness to acknowledge the importance of societal benefit and their expectations of the state to buffer them from dislocation.

Micro-Level Approaches to the Nexus between Politics and Public Opinion: How the Publics React

From this macro-level point of departure, we now consider the micro-level mechanisms that inform individuals' reactions to collective shocks. Unlike wars, whose emergence is often the product of longstanding international tensions, COVID-19 and similar pandemics are generally unanticipated and brutal in their onset. Within weeks, the COVID-19 pandemic grew from a reported incident in China to a fully fledged global pandemic, a quintessential exogenous shock to political systems and societies worldwide. Its sudden arrival, and the resulting epistemological and narrative instability across both mass publics and elites, provides potentially fertile ground on which to assess the effects of such shocks on social cohesion and trust and attendant support for public interventions in social and economic policy. Whereas our knowledge about political and social institutions guides our expectations about what governments might be expected to do, we must turn to public opinion research to understand how the public reacted in these two countries and how such reactions shaped state responses.

In theory, it is possible to differentiate between the reactions of the public to the pandemic itself and to policy responses taken to deal with it. This can be achieved by asking people what they think before governments have taken any measures in a relatively small window after the pandemic's onset, an inquiry that involves asking different questions, some about the pandemic itself and others about government measures. In practice, however, this proves to be more difficult, as there is a significant time lag between sudden events and their effects on public polling.³

skilled and unskilled workers in France and Italy. For prominent work in this tradition in comparative sociology, see especially the work of James C. Scott (e.g., 1976).

³ As a result, we are constrained to some extent by the timing of polling efforts and their relationship to government actions, such as executive orders introducing physical distancing measures, which were introduced within days after the declaration of the global pandemic.

A rich scholarly literature about crises and their effects on public opinion provides guidance about how to approach such questions. It is helpful to focus attention on studies that look at crises that cannot be easily attributed to broader problems with society, government, or the economy, with much longer gestational periods and time horizons. Whereas, in such instances, citizens' attitudes about crises are shaped by their assessment of the perceived underlying problems (Goerres and Walter 2016), we focus instead on public opinion reactions to pandemics and other similar catastrophes, such as wars and natural disasters.

There is robust evidence in the scholarly literature for a unifying effect of external shocks in support of the executive and incumbent governments and administrations. Such "rally" effects can be seen after military conflicts, assuming the presence of some media attention as an intermediate variable. The micro-level mechanism is that those who are ambivalent about the executive tend to favor the government to an increased extent (Baker and Oneal 2001; Baum 2002). Elite criticism of government immediately after the onset of a crisis is often less prevalent in the media (Groeling and Baum 2008). Citizens perceive a stronger elite consensus in such contexts and adjust their attitudes accordingly.

The individual reactions that lead to such effects are driven by powerful emotions. Threats trigger anxiety and the desire for security, which citizens often seek from public officials and institutions.⁴ There exist various psychological theories based upon the notion that humans seek a world that is predictable and secure (Lambert, Schott, and Scherer 2011). Although military conflicts are the most-studied trigger of a rally-around-the-flag effect, such studies also identify the importance of affirming in-group memberships in response to perceptions of threats from outgroups. In other words, perception of threats and insecurity tend to generate expectation of both the state and fellow citizens, and the effects of such dynamics extend beyond public opinion about government responses to social behavior more generally. Winkler (2020), for example, shows that disasters strengthen adherence to social norms by an average of 11% and explains that the shared collective experience of disaster strengthens group cohesion. Altruism with respect to one's in-group seems to be a close partner of conflict and catastrophe (Bowles 2008). These reactions essentially stem from human nature, and we should expect them to play out in any political system, though in ways that are shaped by nationally distinctive institutions and traditions.

Hypothesis #2 The onset of pandemics will increase support for incumbents and political trust in government in both countries in the short run.

Wars have been shown to create prosocial behavior at the individual level (Bauer et al. 2016) and to encourage burden-sharing and institution-building at the collective level (Obinger and Petersen 2017). The collective experience of hardship during war seems to lead to a logic of "we share the burden, we share resources" (see Titmuss 2019: chap. 4). Covid-19 was not a war, but it had some characteristics that remind us of wartime experiences. For example, it was impossible not to be directly affected by COVID-19 in one's everyday life to at least some extent, as the pandemic was threatening and deadly for a substantial group with unknown consequences for citizens' long-term health. Prosocial behavior by more people is a plausible expectation, because the economic devastation wrought by the pandemic far exceeded the capacity of individuals or even significant social groups to manage the situation. The traumatic experience of COVID-19 might also lead to altered preferences and thus a higher level of prosociality evidenced in social trust.

Hypothesis #3: Social trust will increase in both countries in the short run.

⁴ Policy reactions themselves can also trigger fear among citizens (Eggers and Harding 2021).

As in the case of wars, in this scenario, citizens will support major government interventions related to health policy, as in the case of economic policy. It would thus be plausible to expect citizens to grow accustomed to a more active role for government and to expect this effect to be more visible in the United States, where the state is fragmented and baseline state capacity is weaker than in Germany. However, it remains unclear whether this shift in attitudes would be related primarily to the scope of government or, rather, to the intensity of government activities.

Hypothesis #4: With respect to social and economic policy, we would expect path-dependence and cross-national policy divergence, with increased support for typical highly individualized provisions in the US, in contrast to support for more collectively- or group-oriented policies in Germany.

Given the magnitude of the pandemic's shock to the two societies, it is reasonable to expect significant change in the policy priorities within their populations. Plausibly, COVID-19 increased the salience of some issues that should be reflected in public-opinion data. It is relatively trivial to expect that health policy issues will become more important in such a context, although we can foreshadow here that such increases in salience seem constrained in the American case. However, the two countries differ significantly in the organization of their healthcare systems, a fact which would be consistent with different sets of expectations. In Germany, coverage of health insurance is quasi-universal, with benefits funded and managed by shared contributions and administrative tasks divided between worker and employer representatives. The public-hospital system is robust, and public-health infrastructure is well developed. In the United States, by contrast, despite the expansion of coverage resulting from the Affordable Care Act, coverage is spotty and incomplete, benefit terms are much less generous, with patients often forced to pay significant out-of-pocket costs, a fact which has made health-care costs one of the most common reasons for personal bankruptcies in the US. Public hospitals are also fragmented and uneven in terms of geographical coverage, and public-health infrastructure is underdeveloped and underfunded, with widely varying capacities across states.

It is also clear that the pandemic should increase public concerns about unemployment. Here too, however, the two countries differ dramatically in the ways in which unemployment protection is organized. In Germany, normal unemployment insurance pays up to 67% of a worker's previous wage, with benefit duration scaled by age and time of employment but typically lasting at least a year. Thereafter, the less-generous "Hartz IV" social-assistance benefit, the result of cuts undertaken by the administration of Social Democratic Chancellor Gerhard Schröder in the early 2000s, kicks in (Vail 2010). In the United States, by sharp contrast, unemployment insurance is limited to a few hundred dollars per week, varying significantly in generosity and terms of eligibility by state. Whereas German workers and employers view unemployment insurance as a benefit paid for through contributions over time, in the US the benefit is heavily stigmatized and is contingent upon often-onerous job-search, reporting, and monitoring requirements.

The economic dislocation resulting from the pandemic leads one to expect social inequality to become more prominent in people's minds, though in ways shaped by these policy and institutional differences. The pandemic was much more difficult for people who had fewer assets, could not work remotely, who lived in more constrained living circumstances, and who had responsibilities to care for children or dependent adults. Under such circumstances, it is reasonable to expect an increase in the salience of economic inequality, but it is less clear *a priori* how citizens socialized in these two systems would interpret and respond to it. Traditionally, the American public is much more tolerant of social inequality

than its German counterpart. Bénabou and Tirole (2006) explain this discrepancy as a cultural difference related to the prevalence of the belief that individuals and their children can succeed economically. It is thus reasonable to expect that the salience of social inequality would rise in both countries, but that the demand for government action will be limited in the US, as fewer citizens make the cognitive link between social problems and the government as a legitimate remedy. This reasoning leads us to our final hypothesis:

Hypothesis #5: Support for policy measures to reduce inequality will increase in Germany, but not in the US.

Research Design and Data

Ours is a comparative case study of how different political and social systems react to the same exogenous shock: the COVID -19 pandemic. Each case is one country-crisis episode, of which we look at two: the United States in the period 2019-21 and Germany in 2019-21. Within our cases, we concentrate on policy responses at the national level and on public opinion of the adult population as a whole consider variation within that period over time. In each country, the challenges related to health, the labor market, and the economy were similar, but, as we demonstrate, the reactions were quite different. We are thus echoing other comparative approaches to moral economies in which the two countries are often selected as representative of different welfare regimes (Sachweh and Olafsdottir 2012). See online appendix A.1 for details on these cross-national differences.

We can thus use these differences to explore the extent to which similar challenges were channeled differently in the two countries. Causally, we employ the logic of within-case designs, assuming that Germany in February 2020 is similar to Germany in January 2020, with the obvious difference being that the first local infections of Covid-19 had taken place in February. The exogenous origin of the pandemic leads to the plausible assumption that a temporal change between January 2020 and subsequent periods can be attributed to Covid-19. However, we must be careful not to discount the difference between reactions to the pandemic and reactions to behavior by political actors. Thus, for instance, a rise in political trust after the onset of the pandemic might be a function of fear's being more prevalent in the population or of an appreciation of the adopted policy measures.

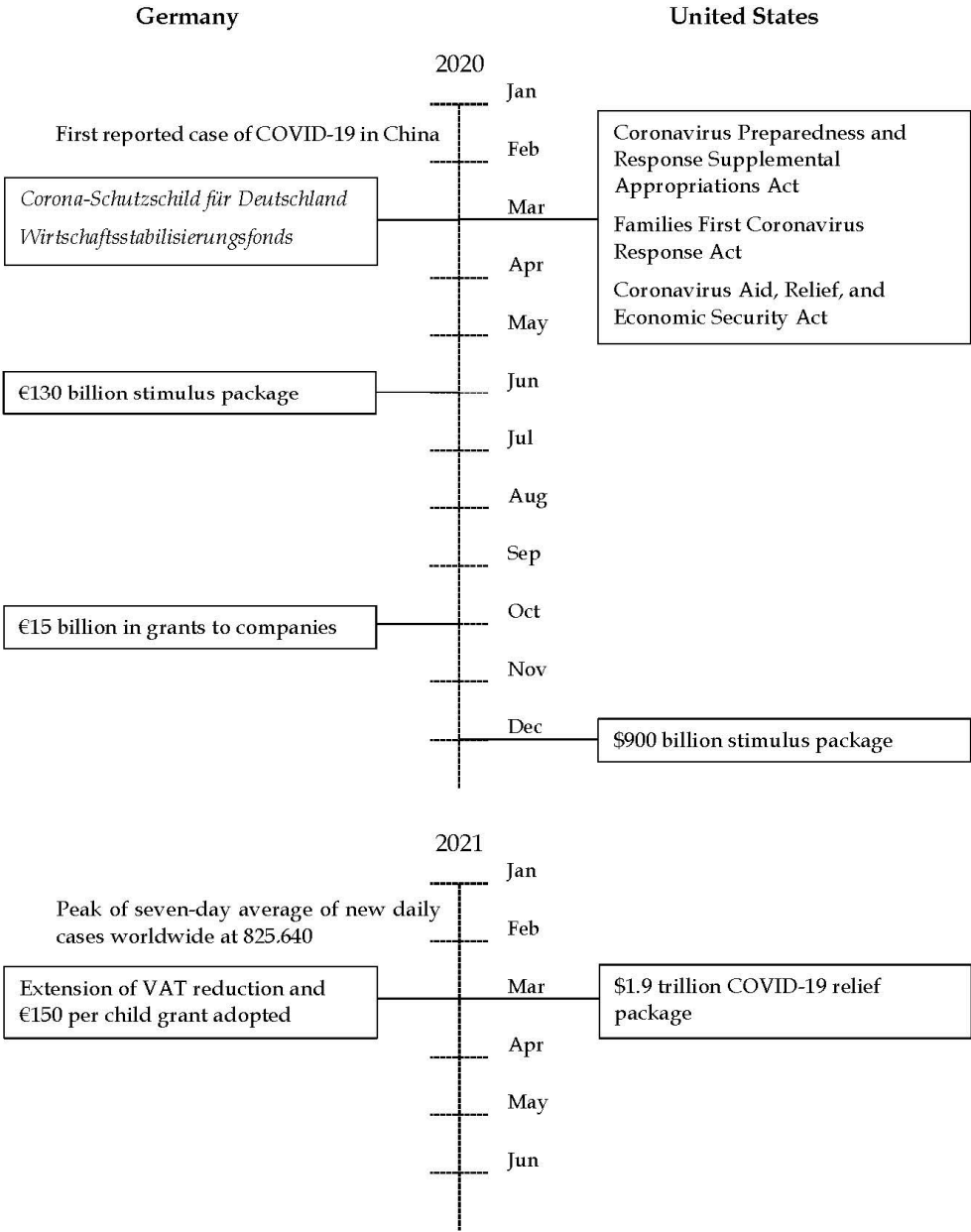
We have collected extensive data, building on various efforts by other scholars (e.g., Matthews 2021a, McCollum 2020a, *Süddeutsche Zeitung* 2020, Bruegel 2020) and on secondary usage of existing analyses as to policy responses. We also make ample use of a variety of ten commercial and scientific public opinion data sources, some of them with different surveys. All data are accessible to the public (Edelman Trust Barometer, More in Common, Politbarometer, Freiburger Politikpanel, Pew International), scientists (GESIS internet panel) or through available commercial databases (Kaiser Family Foundation, Gallup). The public-opinion data differ slightly their sampling procedure (some use random sampling, some quota sampling, others convenience sampling) and their survey mode (phone, F2F, online). See online appendix A.2 for details.

We use different indicators of public opinion that provide information about the relationship between citizens and the state and among citizens themselves. We look at confidence in national government, trust in national government, support for the incumbent, social trust, and attitudes towards specific policies. The objective with this triangulating kaleidoscope of public-opinion pieces is to paint a broad picture about changes attributable to the pandemic and attitudes towards policies adopted to fight it. Arguably, according to the logic of triangulation, measuring what the public thinks from multiple sources helps us to understand it as much as might studying just one source that is more prone to particular aspects of that snapshot.

Empirical Analysis: Public Policy Responses to COVID-19 in Germany and the United States

Like many advanced industrial countries, Germany and the United States rapidly deployed vast fiscal and administrative resources following the advent of the COVID-19 pandemic in March 2020 and have continued to provide economic support well into the summer of 2021. The measures involved, which varied from loan guarantees and payroll subsidies to businesses, to investments in public infrastructure, to direct assistance to families and individuals, were designed to meet both the unprecedented scale of the public-health challenges in both countries and the economic devastation that they left in their wake. We provide a timeline of major events in the pandemic and German and American policy initiatives in Figure 1 below.

Figure 1: Major Events in the COVID-19 Pandemic and Policy Responses



In Germany, the scale of policy initiatives echoed that of the response to reunification in 1990, when more than €100 billion was spent in its immediate aftermath, and nearly €2

trillion over three decades, but has been deployed over a much briefer time frame.⁵ In the US, the magnitude of the response is unmatched since the Great Depression. Following the feckless response of the Trump administration, the Biden administration has undertaken a major deployment of state power and resources, shifting the prevailing policy-making paradigm away from the small-government and neoliberal orthodoxies that even the post-2008 Great Recession had been unable to displace (Carter 2021; Alter 2021).

Although a combination of administrative and regulatory burdens, compounded by political errors by the government of Chancellor Angela Merkel, have plagued Germany’s vaccination campaign, in comparison to a more effective and aggressive American response, both countries’ fiscal- and economic-policy responses have been breathtakingly ambitious, paralleling those by several other advanced industrial countries. Including all discretionary spending until and including March 2021, the US spent more than any other country as a share of the size of its economy (at 27.1% of GDP), while Germany’s, at 20.3% of GDP, is seventh largest in the world (Matthews 2021b). We provide a general overview of the character of the two countries’ responses, along with characteristic policy responses, in Table 1 below.

Table 1: American and German Policy Responses to COVID-19

| Country | Key Substantive Focus | Characteristic Policy Initiatives |
|---------------|---|---|
| United States | Fragmented investment in public health Supporting affected businesses and individuals | Coronavirus Preparedness and Response Supplemental Appropriations Act Paycheck Protection Program Expansion of SNAP Income-contingent direct payments to individuals |
| Germany | Systematic investment in public health Subsidization of key groups and social constituencies | Corona-Schutzschild für Deutschland Expansion of <i>Kurzarbeit</i> program <i>Soforthilfe</i> for small businesses Expansion of child benefits |

Pre-empting Dislocation in Germany: Subsidizing Business, Supporting Core Workers and Families, and Bolstering Public Investment

Germany’s economic-policy strategy in the wake of COVID-19 has involved a combination of generous support for public-health initiative and an extension of both direct and indirect support to core constituencies of the Social Market Economy, including core

⁵ For an overview of Germany’s fiscal response to reunification, see (Vail 2018).

industrial firms, small businesses, workers in key industries, and families. As the vice-chancellor and finance minister Olaf Scholz famously said on 13 March 2020: “This is the Bazooka with which we are doing whatever it takes” (Süddeutsche Zeitung 2020), an image borrowed from the European Central Bank’s handling of the 2008/9 financial crisis. In late March 2020, Merkel’s government announced two major initiatives to support economic activity and buffer groups disproportionately affected by the mounting economic toll. The first, the so-called *Corona-Schutzschild für Deutschland* (Coronavirus Protective Shield for Germany), entailed three central initiatives. The first allocated a total of €353.3 billion (subsuming €156 billion in new federal loans), including €3.5 billion for health-related measures such as personal protective equipment (PPE) for hospitals and investments in vaccine development. The second devoted €55 billion to remedy hospitals’ and doctors’ deteriorating finances and provide support to families, including subsidies for lost earnings resulting from closed schools and daycare centers and the associated need to care for children at home, and extended access to family allowances normally reserved to low-income families to workers with lost or reduced wages. The package’s third major component involved €50 billion in so-called *Soforthilfe* (Immediate Assistance) for small businesses, freelancers, and the self-employed (Bundesfinanzministerium, 2021a). The second major initiative, the *Wirtschaftsstabilisierungsfonds* (Economic Stabilization Fund) earmarked €891.7 billion for support for larger firms, particularly those with strategic economic importance. This measure included €400 billion in loan guarantees and €100 billion for an assistance program for firms to be established within the *Kreditanstalt für Wiederaufbau* (KfW), a government-managed development bank. It also included various tax breaks and abatement for firms to assist with short-term balance-sheet difficulties (Bundesfinanzministerium, 2021a).

Not limited to firms and families, the German government has also provided extensive support for workers, particularly those in manufacturing and strategically important export sectors. The signal initiative in this category involves expenditures on so-called *Kurzarbeitergeld*, or “Short-time Work Program.” Originally created in the aftermath of German reunification, resuscitated and extended in the wake of the Great Recession, these schemes, which are funded jointly by the federal government and the *Bundesagentur für Arbeit* (Federal Labor Office) allow at-risk workers to work reduced hours while receiving up to 90 percent of their previous pay, so as to avoid disruptive and costly layoffs in economically strategic sectors. Between March and December 2020 alone, an additional €23.5 billion was spent on related programs (Bruegel 2020). In a supplementary budget of €122.5 billion adopted in the same month, the government extended other forms of support to German workers, including an additional €7.7 billion for *Arbeitslosengeld II*, the second-tier assistance program for the unemployed.

In June 2020, the government adopted a second major stimulus package worth €130 billion, that focused on tax relief to German firms and consumers and additional resources to assist families with children. In order to ease burdens on families while supporting consumption, VAT rates were cut from 19% to 16% for the standard rate and 7% to 5% for the reduced rate applied to necessities, such as food in grocery stores. The initiative also provided an additional €300-per-child bonus payment to families with children and more than doubled the income-tax exemption for single parents to €4000. The package also extended a number of tax breaks, including subsidies for municipalities suffering from declining tax revenue and a guarantee that combined social-security contributions (divided equally between workers and employers) would not exceed 40%, in an effort to bolster workers’ post-tax and -transfer incomes. For firms, it increased depreciation allowances and created more generous provisions for declaring losses from previous tax years. Finally, the measure made significant investments in renewable energy and infrastructure designed to bolster economic activity, including subsidies for purchases of electric vehicles, investments in battery-technology development, and a major effort to modernize Germany’s aging fleets of buses and heavy

commercial vehicles. In October, the package was supplemented with an additional €15 billion in grants to companies, and in March 2021 the reduction in VAT was extended and an additional €150 per child was paid to families with children (Bundesfinanzministerium, 2021b).

Taken together, these initiatives provided urgently needed support for both investment and consumption and represented remarkably open-ended commitments for a country normally associated with excessive fiscal probity. At the same time, they reflect significant continuity of policy orientation, with a focus on key social and economic groups, rather than individuals, and a more socialized conception of welfare, often pre-emptively intervening to avoid social and economic damage rather than mitigating it after the fact by concentrating on those directly affected.

Repairing Damage in the United States: Investing in Public Health, Targeting Affected Individuals and Businesses, and Expanding the Social Safety Net

In early 2020, against the backdrop of the Trump administration's politically motivated denial of the pandemic's severity, Congress moved in rare bipartisan fashion to respond aggressively to COVID-19's devastating impact on American public health and the economy. In March, three distinct but related measures were passed by Congress and signed into law by the president. The first, the "Coronavirus Preparedness and Response Supplemental Appropriations Act," devoted a modest \$8.3 billion to support public health, dedicated funds to vaccine research, funded broad public-health initiatives on the federal, state, and local levels, and purchase personal protective equipment for medical professionals (Breuninger 2020).

The second, more ambitious package, the so-called "Families First Coronavirus Response Act," focused on the pandemic's economic effects on families and individuals. It devoted a total of \$192 billion to initiatives designed to subsidize workers in distress, including paid sick and medical leave for certain categories of businesses and significant subsidies to the Supplemental Nutrition Assistance Program (SNAP, colloquially known as "Food Stamps"), temporarily increased the generosity of Medicaid and Medicare, the federal health-insurance programs for the poor and elderly, and subsidized existing unemployment-insurance benefits (Committee for a Responsible Federal Budget 2020).

The third, and much more extensive measure than the first two, dubbed the "Coronavirus Aid, Relief, and Economic Security Act," represented the most extensive (and expensive) crisis-related rescue and stimulus package since the New Deal. Costing \$2.2 trillion, the measure involved three distinctive areas of assistance. The first area entailed resources dedicated to supporting the incomes of individuals who had lost their jobs, including an increase in the generosity of unemployment insurance, providing an additional \$600 per week and extending the length of eligibility. A second measure offered one-time relief payments of up to \$1200 per adult and \$500 per child, in the first of several such initiatives in 2020 and 2021. The second set of measures was designed to support businesses directly affected by the collapse in demand, including \$350 billion for forgivable loans to small and medium-sized enterprises, along with direct subsidies to smaller firms, and \$58 billion for airlines, which had seen air traffic more or less disappear, declining by about 60% between early March and early April 2020 (Slotnick 2020). The third included funds for hospitals overwhelmed with COVID cases and forced to cancel lucrative elective surgeries as a result; additional funds for vaccine development, veterans' health, and the Centers for Disease Control and Prevention; and money for medical equipment and community health centers. In April, Congress passed an additional program, the Paycheck Protection Program, designed to bolster support to business. The law provided loans, forgivable under certain circumstances, to firms in exchange for their commitment to keep workers on their payroll.

As Covid-19 cases and deaths spiraled in summer 2020, and following President Biden’s electoral victory in November, Congress acted again, with an additional \$900 billion package. The initiative focused on extending existing programs focused on supporting families’ and individuals’ incomes and affected businesses. The measure provided additional income-contingent stimulus payments of \$600 per person, additional unemployment payments of \$300 per week, childcare and nutrition assistance for the poorest Americans, and emergency assistance to renters. On the business side, it provided an additional \$248 billion for the Paycheck Protection Program, and funding for colleges and universities and the entertainment industry, which had been significantly affected. It also devoted modest resources to infrastructure initiatives, including money to expand broadband internet access for families whose children were being educated at home, and \$45 billion for airlines, highway repairs, and public transportation (Siegel, Stein, and DeBonis 2021).

Following two surprising Democratic victories in the Georgia Senate runoffs, which gave Democrats unified political control, Congress enacted the \$1.9 trillion American Rescue Plan in March 2021, the most ambitious and generous to date. After weeks of often acrimonious debate and complaints from minority Republicans, Biden and the Democratic majority passed the \$1.9 trillion American Rescue Plan in March 2021 with no Republican support. This package was unprecedented in scale and scope, with large extensions of previously adopted measures as well as an array of new initiatives, including one-time, income-contingent payments of \$1400 for each adult and child and an extension of additional federal payments for unemployment insurance. Breaking with historical patterns of federal support for children, which had traditionally been provided through non-refundable tax credits rather than direct payments, the measure introduced six months of direct family allowances, scaled by family income and refundable beyond a family’s tax liability. This paradigm-shifting initiative, which like most of the package was fiercely opposed by Republicans and garnered no opposition support, represented an unprecedented assumption of federal responsibility for supporting children. In addition, the package extended \$350 billion to state and local governments, many of which had been forced to retrench services and lay off large numbers of workers in the face of collapsing tax revenue. The package also carried a large array of measures of various kinds, including money for elementary and secondary schools and colleges and universities, restaurants, early childhood development programs, vaccine distribution, public transportation, and infrastructure, as well as more than a half billion dollars for the Federal Emergency Management Association’s Emergency Food and Shelter Program.

All in all, the package represented both a strikingly ambitious response to the COVID calamity and an extension of the American safety net unknown since Lyndon Johnson’s Great Society Program in the 1960s. Proclaiming in the wake of the package’s passage that “Help is here, and we will not stop working for you” (The White House 2021).

Empirical Analysis: Public Opinion Reactions

Considering these divergent policy responses, with more individually focused support in the US centered on remediating economic damage in the US and broad investments in core groups designed to pre-empt COVID’s effects in Germany, we must now explore the mechanisms, located in individuals’ views and priorities, that lie behind such patterns. Let us start by examining the potential rally-to-the-flag effects. Gallup runs a long-established global series asking for confidence in one’s government (Table 2).

Table 2: Confidence in national government, Germany and USA, 2019-2020

| | 2019 | | 2020 |
|--|------|--|------|
|--|------|--|------|

| | | | |
|--|----|-----|----|
| Confidence in national government DE | 57 | +8 | 65 |
| Confidence in national government USA | 36 | +10 | 46 |

For sources, see online appendix A.2.

Both countries reveal a clear jump in aggregate confidence in government. The German public's confidence rose by 8 percentage points from 57 to 65 percent. The American public's confidence rose by 10 percentage points from 36 to 46 percent. What is more, the high levels of confidence in both countries are exceptional in the long run, looking back to 2006 in this series. The second-highest confidence level in Germany was 63% in 2015. In the USA, only 2006 and 2009 witnessed higher levels at 56% and 50%.

Table 3: Trust in national government, Germany and USA, 2019-2021

| | 2019 | | 2020 | | 2021 |
|--|------|-----|------|----|------|
| Trust in national government DE (5-9 on scale 1-9) | 44 | +19 | 63 | -4 | 59 |
| Trust in national government USA (5-9 on scale 1-9) | 39 | +9 | 48 | -6 | 42 |

For sources, see online appendix A.2.

For a comparable indicator (trust in government), we see a similar picture, a sizeable jump in trust in government by 19 percentage points in Germany and 9 points in the US between 2019 and 2020, followed by a decline in 2021. This increase in political trust after the onset of the pandemic has been demonstrated for other contexts in Western Europe (Bol et al. 2021; Oude Groeniger et al. 2021; SCHRAFF 2020; Esaiasson et al. 2021).

Table 4: Approval of national leaders, Germany and USA, 2019-2020

| | 2019 | | 2020 |
|---------------------------|------|-----|------|
| Approval of Merkel | 62 | +14 | 76 |
| Approval of Trump | 41 | +5 | 46 |

For sources, see online appendix A.2.

In both countries, there was an increase in approval of the national leader. The increase was much smaller in the United States (+5%) compared to Germany (+14%). We thus see cross-national evidence for the rally-around-the-flag effects in public opinion. These materialized given the two different levels of general support or approval of national governments (higher in Germany than in the United States). The relative changes were upward in both countries between 2019 and 2020 with some, albeit limited, evidence of a slow decline in 2021. Despite the many institutional differences, we see similar changes as to the deeply human, emotional reactions in the public mind. This is also what we would expect to see according to Hypothesis #2: human nature, the need to assurance and safety, dominates over institutionally embedded learning experiences.

We can offer some evidence for an increase in social trust (Hypothesis #3, Table 5). In 2020, the levels of social trust were indistinguishable in the two countries, at 58-59 percent.⁶ In 2014, however, the levels were much lower, at 42% and 38%, respectively. In 2017/18, the German estimates was unchanged whereas in the US it had declined to 32%. Thus, available evidence shows higher levels of social trust in 2020 than in earlier years, but with similar levels at the height of the crisis.

Table 5: Social trust in Germany and USA, 2014 - 2020

| | 2014 | 2017/18 | 2020 |
|---------------------------------------|------|---------|------|
| Most people can be trusted DE | 42 | 42 | 58 |
| Most people can be trusted USA | 38 | 32 | 59 |

For sources, see online appendix A.2.

Let us now move to attitudes towards specific economic and social policies. In Germany, there is strong evidence for support for status-maintaining policies and investments in preserving and protecting key groups from deleterious economic effects in the labor market. According to our estimates from May/June 2020 in Table 6, we see that four measures that directly protect jobs had approval rates of 50% and more. Per-head payments for the public that would benefit everyone were only supported by 21% of the populace.

Table 6: Policy attitudes towards anti-Covid19 economic and social policies in Germany in May/June 2020

| Policy measure | Support in the adult population |
|---|---------------------------------|
| Public financing of Kurzarbeit program with full reimbursement to employers (including social contributions) | 71 |
| Public financing of Kurzarbeit program, including for Mini-jobs | 67 |
| Increase in Kurzarbeit payments from 60% to 80 % of the most recent net wage | 81 |
| State subsidies for firms and sole proprietorships without obligation of reimbursement | 68 |
| State subsidies for new hires, e.g., through reduction of social contributions | 52 |
| Public payments to all citizens | 21 |

For sources, see online appendix A.2.

In another survey conducted at the same time (Politbarometer), one-off payments for families with children also found a majority of 57%. Note that there is not a single question about healthcare. This is because the near-universal, socialized healthcare system is uncontroversial in Germany.

With respect to American public opinion data regarding specific policies (Table 7), we notice immediately that health policy was the most salient policy area before the crisis and remained so afterwards. Various surveys of the Kaiser Family Foundation reveal that the most

⁶ In regions with more civic culture (and higher levels of social trust), lockdown measures created greater mobility reductions, resulting in fewer deaths for Italy and Germany (Durante, Guiso, and Gulino 2021). This suggests a cross-sectional negative relationship between levels of social trust and exposure to Covid-19 risks.

important issue domain for the American public (as to their voting intentions) was health policy: 89% in February 2020 just before the pandemic, 85% in May, 87% in September and 91% in October 2020. In other words, the electoral salience of health policy was not really affected by the pandemic in the US because it had already been so salient before. Therefore, it comes as no surprise that health-policy changes suggested to fight the pandemic found broad majorities, as well.

Table 7: Policy attitudes towards anti-COVID economic and social policies in the USA in July 2020

| Policy measure | Support in the adult population |
|---|--|
| increasing government financial assistance to help more Americans who don't get health insurance through their jobs purchase coverage top priority /important | 84 |
| creating a government-administered health plan, sometimes called a public option, that would compete with private health insurance plans and be available to all Americans | 73 |
| increasing federal funding to state governments to help pay for their Medicaid programs | 79 |
| providing government financial assistance for people who have lost their jobs to purchase health insurance through their previous employer, sometimes called COBRA insurance | 82 |

For sources, see online appendix A.2.

Finally, we consider public views on inequality. Both countries show high levels of worry for division. Though this is not the same as concern about inequality, after the Covid crisis, 67% of Germans and 89% of Americans were worried about greater division in society (More in Common Survey). In Germany, there is evidence for an increase in support for a wealth tax for rich people with €500,000 in assets and more to combat the economic consequences of the pandemic. In May 2020, 51% supported such a measure, compared to 56% in November 2020 and 58% in February 2021 (Freiburger Politikpanel). Such a wealth tax would obviously target the rich and benefit the non-rich. This increase in support, however, is not mirrored in support for an increase in the solidarity contribution levied since the 1990s in order to promote socio-economic inequality between East and West (a mere 17% up from 15%). Among Americans, 67% supported a universal basic income for everyone for the course of the pandemic in July 2020 (Kaiser), but there is no evidence for robust support for sustained measures to combat inequality. This provides tentative support for our Hypothesis #5.

In sum, we find support for positive reactions along the logics of a rally-to-the-flag effect in both countries by increases in confidence and trust in government and approval of the national leaders. For prosociality, social trust shows an increase in both countries for 2020 compared to earlier years. The policy-specific reactions are surprisingly predictable given the intensity and breadth of the pandemic in its consequences. Citizens seem to remain relatively unshaking in the ways in which they want governments to react. The German public seems to be supportive, as we would expect, of aggressive policies to combat inequality whereas in the US, we only see moderate evidence for time-boxed measures that would only be in place for the duration of the crisis.

Conclusion: Social Embeddedness, Public Opinion, and Public Policy: The Lessons of COVID-19

In this article, we have traced German and American economic-policy responses to COVID-19 and sought to explain the two countries' varying policy responses as the products

of differing patterns of embeddedness. We have done so through a systematic investigation of shifts in public opinion on the two countries, drawing from a wide range of available data sources, with particular emphasis upon levels of public trust in government and support for varying kinds of policy initiatives. As elsewhere, COVID-19 represented an unanticipated, and in many respects unprecedented, social, economic, and political shock, challenging established understandings of the relationship between state and market and destabilizing existing policy-making paradigms. The trauma of the pandemic led to highly emotionally charged public responses, with significant increases in public trust in and reliance upon government in both countries. This development reflects a significant rally-around-the-flag effect in both countries, an understandable reaction but one that was perhaps surprising in the United States, given the deep currents of public distrust and demonization of government that have prevailed since the 1980s.

That said, the *character* of shifts in public opinion differed markedly in the two countries. In the United States, where economic relationships are much more disembodied and the moral economy more fragmented and individualistic, the public disproportionately supported individualized benefits and assistance to individuals and firms directly affected by the pandemic's economic fallout. In Germany, by contrast, where economic and labor-markets are more deeply embedded and institutionalized, and where workers and employers have traditionally shared a common, if sometimes contested, sense of public purpose, surveys reflected support for investments in existing collectivized labor-market institutions, with policies designed to avoid layoffs and preserve existing institutions, rather than merely to repair economic damage. If the American response reflected a logic of *post-hoc*, palliative care, then, its German counterpart reflected one of preventative medicine combined with systemic support for established social and economic relationships.

Although our data are of recent vintage and the full scale of the effects of the pandemic on support for government and economic-policy interventions will take several years to unfold, our research does suggest several important lessons and implications for future research on the effects of cataclysmic shocks, such as pandemics, natural disasters, and wars. First, despite widely varying baseline levels of support for government cross-nationally, such events tend to bolster public support for the kinds of collective responses that only states can provide. There are relatively few libertarians in pandemics. Second, the *kinds* of policy interventions supported by citizens may well parallel, and perhaps even reinforce, pre-existing levels of social embeddedness in the economy, with patterns of group-based solidarities, or their relative absence, acting as both outgrowths and reinforcements of existing institutions and established political and social practices.

In this context, distinctive national moral economies and social and economic institutions are tightly linked, with exogenous shocks such as the COVID-19 pandemic revealing these underlying shared moral and conceptual frameworks in ways that are not reducible to simple institutional dynamics. Finally, in a more speculative vein, we suggest that the ways in which such underlying normative structures mediate between catastrophes and both public attitudes and social and economic arrangements may take years to unfold, much as the Black Death in the fourteenth century steadily eroded feudalism in ways that were far from obvious at the time. In future research, we hope to exploit the increasing availability of longitudinal public-opinion data related to COVID-19 to arrive at more systematic conclusions about the relationship between catastrophes and public attitudes, in an era in which such catastrophes—ranging from pandemics to natural disasters whose severity and frequency is increasing in the wake of human-engendered climate change.

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Online appendix

A.1 Detailing the institutional differences between Germany and the United States

At first glance, the two countries' distinctive institutional landscapes would lead one to expect particular kinds of differences in their responses to this kind of exogenous shock. Although both are federal systems, with associated limitations on the capacity of the national state, the separation of powers in the American case, with a robust system of judicial review and a directly elected executive independent of the legislature, poses additional limitations on federal power. In Germany, by contrast, a parliamentary system in which the government emerges from and is responsible to a parliamentary majority, in which the purview of judicial review is more constrained, administrations confront fewer obstacles to aggressive responses to crises. In the US, moreover, where the past two years have witnessed perhaps unprecedented degrees of political polarization and vast partisan swings in the character and priorities of government, a casual observer would be justified in concluding that the weakness of shared public purpose would undermine a coherent policy response and lead to policy fragmentation and incoherence. Given that crises present challenges to which responses are chiefly crafted by the executive branch, a standard institutional account, focused on the constitutional distribution of authority, would lead one to expect a more rapid and robust response in the German case than in the American. Such a standard institutionalist framework fails to provide the analytical tools required to explain either the scope or the character of the German and American responses to COVID-19. Our data suggest a different story, one related to differences in the two countries' moral economies, ways in which economic institutions are socially embedded, and major differences between the two states' abilities to craft responses consistent with shared social purpose.

A.2 Details about public opinion sources

| Variable | Timepoints | Countries | Survey collection | Target universe | Sampling | Mode | Sample size per country |
|--|---------------------------|-----------|--------------------------|--|---|--|-------------------------|
| Approval of national leader | 2019 - 2020 | DE, US | Gallup World Poll | Adult population | random (no details provided) | telephone, mobile and landline | ~ 1000 per country |
| Confidence in national government, yes | 2019 - 2020 | DE, US | Gallup World Poll | Adult population | random (no details provided) | telephone, mobile and landline | ~ 1000 per country |
| Helped a stranger in last 12 months, yes | 2019 - 2020 | DE, US | Gallup World Poll | Adult population | random (no details provided) | mobile and landline | ~ 1000 per country |
| Salience of health policy for voting | 2020, Feb - May - Oct USA | US | Kaiser Family Foundation | Adult population with a phone number | mixture of random and quota | CATI | ~1200 |
| Social trust: most people can be trusted | 2018 | US | General Survey | Adult population speaking English or Spanish in private households | random first stage, quota second stage | CAPI | ~3600 |
| Social trust: most people can be trusted | 2017 | DE | European Survey | Adult population speaking German | Random Digit Dial | CAPI, mixed mode telephone, | ~1200 |
| Social trust: most people can be trusted | 2020 | DE, US | Pew Attitudes | Adult population with a phone number | Random Digit Dial | mobile and landline telephone, mobile and landline | ~1000 |
| Support for one-off payments for families | 2020 | DE | Politbarometer | Adult population | Random Digit Dial | mobile and landline | ~1200 |
| Support for policy measures: health policy | 2020, July | US | Kaiser Family Foundation | Adult population with a phone number | mixture of random and quota | CATI | ~1200 |
| Support for policy measures: Kurzarbeit, public payment citizens | 2020 | DE | Gesis internet panel | Adult population | Offline and online recruited by random sampling | Online or by mail | ~4700 |
| Support of basic income for all | 2020, July | US | Kaiser Family Foundation | Adult population with a phone number | mixture of random and quota | CATI | ~1200 |

| | | | | | | | |
|------------------------------|--------------------|--------|-------------------------|------------------|--|--------|----------------|
| Support of wealth tax | 2020, May - Nov | DE | Freiburger Politikpanel | Adult population | Supersized convenience sample with weights | online | ~5700 |
| Trust in national government | 2019 - 2020 - 2021 | DE, US | Edelman Trust Barometer | Adult population | quota sample age, gender, region | online | global >30,000 |
| Worry about division | 2020, Oct | DE, US | More in Common | Adult population | quota sample age, gender, region | online | ~2000 |