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"Whatever it takes": first budgetary responses to the COVID-19 pandemic in France

Charles H. Cho
Schulich School of Business, York University, Toronto, Canada
Tiphaine Jérôme
Université Grenoble Alpes, Grenoble INP, CERAG, Grenoble, France, and
Jonathan Maurice
TSM-Research, Toulouse Capitole University, CNRS, Toulouse, France

Abstract
Purpose – This paper highlights the emergency budgetary measures taken by the French government in response to the COVID-19 pandemic health crisis and identifies some of the key political, economic, social and environmental factors and consequences associated with those measures.
Design/methodology/approach – The authors conduct a thorough analysis of official reports, bills and academic and news articles related to the pandemic management in France. The authors' analysis covers the period from January 24 to July 31, 2020.
Findings – Despite previous austerity policies, France faced the health crisis with a very high level of debt, which has complicated the management of the COVID-19 crisis. Although significant, the response brought by the French government seems in the end to be rather choppy.
Originality/value – This paper highlights three elements of analysis that allow a better understanding of the budgetary management process in France. The authors first discuss the notion of budgetary flexibility. Then, they show that the growth of participatory budgets in local communities gives hope for a possible and much needed decentralization process implying a stronger commitment of citizens. Finally, they highlight a budgetary paradox; that is, massive funding of polluting industries versus ecological issues. These three elements of analysis all advocate the need for a deeper engagement among different levels of government and actors.

Keywords Budget, COVID-19, Disaster response, French public finance, Pandemic
Paper type Viewpoint

In this paper, we highlight the emergency budgetary measures taken by the French government in response to the COVID-19 pandemic health crisis and identify some of the key political, economic, social and environmental factors and consequences associated with those measures.

We conducted a thorough analysis of official reports, bills and academic and news articles related to the pandemic management in France for the period from January 24 to July 31, 2020. This analysis led us to identify and select three timely and interrelated themes – flexibility, participatory budgets and eco-conditionality – the overarching point of which consists of highlighting the need to deepen the commitment of different actors toward each other, at different levels of responsibility, in an attempt to respond to this unprecedented health crisis.

We begin with a discussion about the nature and extent of France's budgetary response, whereas putting it into perspective within the European context, and then provide insights on the three themes identified earlier.

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An underestimated budgetary response

French context

The first COVID-19 infection cases were detected in France on January 24, 2020, with the first French person dying of the disease about one month later, on February 26. The number of people affected by the disease quickly approached 3,000 cases when French President Emmanuel Macron announced the first health and economic measures to fight the pandemic on March 12, 2020. These were based on (1) the closure of childcare facilities, primary schools, middle schools, high schools and universities until further notice; (2) the deferral without any formalities or penalties for taxes and contributions due by companies in March and April 2020; and (3) the setup of a partial unemployment scheme entirely funded by the state via subsidies for companies meeting certain criteria.

Two days later, on March 14, French Prime Minister Edouard Philippe reinforced health measures by imposing the closure of all not essential public places in order to slow down the spread of the virus in the country. Surprisingly, the first round of municipal elections was maintained on March 15, and this contributed to the spread of the virus (Cassan and Sangnier, 2020). Economic activities – except those that involve hosting people (e.g. restaurants, cultural activities) – were maintained. On March 16, the President announced in his second public speech that French people must be confined. While working from home was then encouraged, some exemptions were provided to enable employees to go to the workplace in order to limit the crisis' economic impact. These exemptions applied to all economic activities, whether essential to those confined or not. Emmanuel Macron also specified that effective on that date, small businesses risking bankruptcy would be allowed to postpone the payment of their rent, energy and water bills.

In mid-March, the budgetary measures taken by the French government mainly applied to the financing of the temporary unemployment scheme (with an impact on the state budget as an additional emergency expenditure) and the postponement of tax due dates (with no impact on the state budget apart from a cash lag). A "solidarity fund" was also deployed for small businesses up to €1bn (i.e. a flat rate of €1,500 per company for the month of March). The emergency plan, which was announced on March 17 by the Minister of Economy Bruno Lemaire, included €45bn of emergency economic support and €300bn of state guarantees on bank loans [1]. This announcement was reflected in the budget by a first budgetary amendment (LFR1) [2], which provided an emergency plan of €6.25bn on March 23. Out of the €45bn planned, only €6.25bn [3] was a new state expenditure as of that date, which was far less than Germany's budgetary response (e.g. an additional €156bn) (Renaud, 2020). To appreciate the scope of these budgetary interventions, we provide in Table 1 a summary of the state budget exhibiting the 2020 public expenditure composition before the first budgetary amendment.

In terms of health, France quickly went over 1,000 deaths linked to COVID-19 on March 24, then 10,000 deaths on April 7 and finally 20,000 deaths on April 20. The economic consequences of the crisis were then reassessed, leading the government to pass a second budgetary amendment (LFR2) on April 25, increasing the emergency plan from €6.25bn to €37.2bn [4]. The partial unemployment scheme financed by the state now consisted of a €11.7bn budget, a solidarity fund of €5.5bn that was created for companies, and the remaining €20bn was dedicated to the possible recapitalization of companies by the state [5].

In total, according to the Maastricht criteria, France had therefore earmarked €42bn (1.9 GDP points) of exceptional and temporary measures financed by additional budgetary expenditures. The costliest economic support package remained the financing of the partial unemployment scheme for €24bn. Some additional exceptional health expenditures were estimated at €8bn, including expenditures on equipment and masks, daily allowances and sick leaves, exceptional compensation for healthcare workers and a first portion of additional

Table 1.
Composition of the 2020 French state expenditure promulgated at the end of 2019[a]

2020 initial state expenditure	(In billions of €)
Contribution to local governments' budgets	41.2
Contribution to the EU budget	21.5
Personnel	147.9
Intervention	105.3
Operating	53.4
Government debt	38.6
Capital	15.3
Financial operations	13.6
Allocations from public authorities (*Présidence de la République*, *Assemblée nationale*, *Sénat*)	1.0
Total	437.8

Note: [a]The French governmental budgeting process ends up with the promulgation of the Initial Finance Law for the following year, after a vote on the state deficit and its whole budget (revenue and expenditure) by the Parliament (*Assemblée nationale*). Before the final adoption, the budgetary process for year N starts at the beginning of $N-1$ with various economic conferences between the government members, in relation to the *direction du Budget* and the *Haut Conseil des finances publiques* for the macroeconomic previsions. Subsequently (from April to June $N-1$), various political arbitrations take place between the Prime Minister and the State Secretaries in line with the government policies and goals, leading to the determination of the maximum funding of each Ministry and their performance contracts. During the summer, the government finalizes its Finance Law Project and adopts it at last in September. Finally, the Finance Law Project must be debated and voted by the Parliament (*Assemblée nationale*) and promulgated to be effective.
Source: Direction du Budget (2020)

costs related to the crisis. Public financing of the solidarity fund for businesses amounted to €7bn, of which €6.25bn was borne by the state. Finally, the law provided for an additional emergency appropriation of €2.5bn and the extension of rights for job seekers for €0.5bn [6] while postponing the unemployment insurance reform.

In addition to this budgetary response, France committed €69.5bn (3.1 percentage points of GDP) to measures with no impact on the national budget, including the postponement of payment deadlines for certain compulsory levies of €25.5bn and the early repayment of tax credits for €23bn (including the emergency plan to support start-ups). In addition to these expenditures, €1bn was made available to support small businesses via a solidarity fund and the possibility to provide €20bn by recapitalization to struggling companies.

Finally, a wide program of guarantee measures of up to €315bn (13.9 GDP points) was also budgeted, including the exceptional state-guaranteed scheme for loans to businesses of €300bn, the activation of state reinsurance on outstanding credit insurance for €10bn and the setup of reinsurance for short-term export credits of €5bn [7]. Between March and April, France therefore significantly reassessed its budgetary response.

In addition to this emergency funding, the government announced in early June some targeted sectoral measures to help several strategic sectors or those that would heavily be affected by the upcoming economic crisis. As a result, €15bn was allocated to the aeronautics sector in the form of aid, investments, loans and guarantees over several years, €3bn to the tourism sector with help from the regions and local authorities and €2.5bn for the automotive sector. While a large portion of the financial aid and guarantees promised to technological companies were already provided for in the second budgetary amendment (see Table 2), the government presented on June 10 a third amendment (LFR3), which took into account both the downward revisions to growth and tax revenue forecasts and the financing from the state budget of part of these sectoral plans. This bill extended the amount of additional budgetary expenditures allocated to the management of the health

Supplementary budget measures	LFR1 March 23 (in billions of €)	LFR 2 April 25 (in billions of €)	LFR 3 July 30 (in billions of €)
Partial unemployment	8.5	24	30.8
Solidarity funds for companies	0.75	7	7.95
Exceptional health expenditures	2	8	8
Emergency supplementary appropriations	–	2.5	1.6
Extension of job seekers' rights	–	0.5	0.4
Tourism plan: contribution exemptions	–	–	3
Opening of new credits (including automobile plan)	–	–	2.5
Bonuses for self-employed	–	–	0.9
Social inclusion and people protection	–	–	0.9
Reimbursable advances to small and medium enterprises	–	–	0.5
Carryback of deficits	–	–	0.4
Credits for nonsurgical masks from the state budget	–	–	0.3
Total	11.25	42	57.25

Note: [a]The three Amendments to the Finance Law have been first proposed and adopted by the government, then examined and voted by the Parliament and finally promulgated in one week (LFR1), ten days (LFR2) and one month and a half (LFR3) for the whole process.
Source(s): Légifrance, LFR1, LFR2, LFR3 (op. cit.), and "avis" No. HCFP-2020–2 and No. HCFP-2020–4 of the Haut Conseil des finances publiques.

Table 2.
Summary of France's budgetary response to the COVID-19 crisis (LFR1, LFR2 and LFR3)[a]

and economic crisis by the government to €57bn. Table 2 summarizes the three successive budgetary responses and shows that their main purpose was to maintain the liquidity of companies during the shutdown period (partial unemployment, postponement of tax payments and charges) in order to avoid bankruptcies caused by payment defaults and massive layoffs.

Finally, this third amendment also presents several emergency measures for local authorities (i.e. regions, departments, municipalities) whose resources partly depend on the state budget. Indeed, since 1982, the French state budget has been gradually decentralized to local authorities, which now have broader public management prerogatives and can collect taxes. Even if the state provides direct (€41.2bn out of its own revenues) and indirect support through tax transfers (€74.5bn or a total of €115.7bn in 2020, representing a third of its budget) to the communities' budget, those communities have made a significant financial contribution to manage the crisis, while the latter caused a sharp reduction of their own revenues (Cazeneuve, 2020). Given this situation of concern for the decentralization of the state budget– an important change in French budgetary structure over the past several decades – we discuss the impact of the crisis on one territorial practice, that is, participatory budgets. Indeed, the scale and probable persistence of the COVID-19 crisis require that the French government's budgetary effort be more directly (re)appropriated by its citizens because such effort commits them and future generations to repay the additional debt it generates. Hence, the development of participatory budgets seems to be an effective way for enabling citizens to direct the use of public funds and become more involved in budgetary processes at the local, or even national, level.

Before discussing these issues, we briefly complement the French budgetary response with the one made at the European level, given that the latter supports and facilitates the measures taken by the French government.

European context

In parallel with France's budgetary response to COVID-19, the European Commission also proposed on March 13 an emergency plan with several historic economic measures aimed at limiting the second-order effects of the health crisis. First, it introduced some flexibility into the hitherto highly regulated state aid regime [8] which limits distortions of competition within a single market. Exceptionally, member states were able to help "their" struggling companies more easily. This first measure enabled France to set up a solidarity fund for businesses, authorize numerous tax deferrals and grant a large volume of guarantees on business loans. Second, the derogation clause of the Stability and Growth Pact (SGP) was activated for the first time since its creation in 2011 and allowed member states to temporarily free themselves from European budgetary constraints (this clause is discussed further in the next section). Finally, the European Union (EU) budget was initially mobilized with liquidity support measures of €1bn for companies and direct support to member states amounting to €37bn. In the second phase, the May 27 European Commission's recovery plan projected a €750bn effort (€500bn in the form of grants to member states and €250bn in the form of loans). At the same time, the European Commission announced the accelerated implementation of a European legislative framework to fight against unemployment (including the financing of partial unemployment with European guarantees of up to €100bn) and a broadening of the scope of the EU solidarity fund. The measures at the EU level have therefore essentially facilitated member states to introduce flexibility in their budgetary policy measures to combat the economic effects of the pandemic.

"Flexibility" – a major factor in the budgetary response to the crisis

As Regling (2009, p. xiii) highlights, "debt ratios have increased in many countries over the past few decades due to protracted budgetary deficits" and France is no exception. Although sound budgetary policies are one of the EU governance policy goals [9], France found itself in a relatively difficult position when it came to tackle the global health crisis. France's public debt (as a percentage of GDP) increased from 58.9 in 2000 up to 98.1 in 2019 or about €2,380bn (INSEE, 2020b) [10]. France is therefore well above the 60% threshold [11] and ranks fifth in terms of deficit among its European counterparts, behind Greece, Italy, Portugal and Belgium (European Commission, 2020a).

Similarly, the government deficit stood at 3.0 points of GDP in 2019 compared to "only" 1.3 in 2000 [12]. In 2019, only Spain had a higher structural deficit than France in the Euro zone (Cour des comptes, 2020b) [13]. In this respect, it should be noted that the social movements [14] at the end of 2018 and responses to them contributed to the deterioration of public finances in 2019. Thus, the *Cour des comptes* noted that the Philippe government decided "[. . .] to significantly increase the cuts in compulsory levies in favor of households. However, it has not made more efforts to control spending" subsequent to the "Gilets Jaunes" social crisis (Cour des comptes, 2020b, p. 43). Ultimately, the *Cour des comptes* concluded that "France's flexibility in the event of an economic downturn remains limited, and much less than that of some of our partners, notably Germany" (2020b, p. 43).

Despite the accumulation of deficits potentially limiting its ability to intervene, France has been able to significantly react to the health crisis, particularly thanks to the loosening of European surveillance and to some extremely favorable borrowing conditions. Indeed, on March 20, 2020, the European Commission triggered the SGP "general escape clause" because the necessary condition [15] for the lifting of budgetary constraints was deemed to have been met (European Union, 2011). Such a clause allows departing from the budgetary requirements that would normally apply under the European fiscal framework, thus providing temporary flexibility to mitigate the consequences of the pandemic. According to EU Chief von der Leyen, this will allow countries to "inject spending into the economy as needed." This is in line with the statement by President Emmanuel Macron, who used the now famous expression "whatever it takes" on several occasions to showcase the measures that were implemented. Moreover, France financed itself at the lowest cost in its history in 2019 and rates remained low at the beginning of 2020 [16], which is favored by the usually large tolerance of markets for public debt in developed countries (Darvas, 2010).

The response to the COVID-19 crisis poses a significant challenge to the French budget policy because this episode could aggravate an existing and somehow problematic public budget situation (Seng and Biesenbender, 2012). When it comes to budgets, financial "sustainability" is among the most important terms (Rubin, 2015) and perhaps the most pressing issue faced by the public sector organizations on the long run (Bergmann and Grossi, 2014). Even if the notion of sustainability can still be perceived from a relative perspective, medium-term debt sustainability now represents "a central issue" in France for the Cour des comptes (2020a). Indeed, according to the third budgetary amendment (LFR3) (see the first section), the deficit in 2020 would amount to 11.5 GDP points [17] to reach a level not seen since the Second World War (Cour des Comptes, 2020a). The deficit stems mainly from the deterioration in revenues resulting from the economic shock (see "Cyclical balance" in Table 3) and the cost of supporting budgetary measures (see "Temporary and exceptional measures" in Table 3). Public debt is also projected to rise sharply to 120.9 GDP points in 2020 (Cour des comptes, 2020a).

Given the great uncertainty currently surrounding these projections, predicting the future of French public finances is extremely difficult. It is therefore possible to reason based on scenarios. Even in the most optimistic scenario, the level of debt would take more than ten years to return to its previous level (Cour des comptes, 2020a). In the most pessimistic scenario, careful monitoring of the debt-to-GDP ratio will be essential to control the risk premium (Cour des comptes, 2020a). To this end, it is recommended that a genuine strategy be put in place and that a significant fiscal consolidation effort be made (Cour des comptes, 2020a). This will not be easy because larger deficits imply strong impacts on the budget and thus result in reluctance to impose self-discipline and budget institution reforms (Fabrizio and Mody, 2010). In this regard, an increase in the value-added tax and the proposal to tax more dividends distributed by companies [18] constitute measures that have already been ruled out by the executive branch. As President Emmanuel Macron stated in his speech on June 14, 2020, the expenditures related to COVID-19 would not be financed by tax increases.

The strong impact of this health and economic crisis on citizens in all aspects of their lives emphasizes the need both for solidarity at the local level and for current and future generations to better control the budgetary choices of their communities. We next discuss the influence of the crisis on a budgetary practice that ensures a higher level of citizen involvement at the local level – that is, participatory budgets.

As a percentage of GDP	2019	LFI 2020	LFR3
Structural balance	−2.2	−2.2	−2.2
Cyclical balance	0.2	0.1	−7.0
Exceptional and temporary measures	−1.0	−0.1	−2.4
Total	−3.0	−2.2	−11.5

Note(s): LFI stands for *Loi de Finances Initiale* (Initial Finance Law)
LFR stands for *Loi de Finances Rectificative* (Amendment to the Finance Law)
Source: Cours des comptes (2020a, p. 76)

Table 3.
Decomposition of the public budget in 2019 and 2020

Local communities and participatory budgets

Among the institutions affected by the crisis are local communities (cities, departments and regions), which are expected to see a decline in their revenues (Cour des comptes, 2020a) [19]. In this respect, the COVID-19 crisis has brought to light a burgeoning phenomenon on how budgetary policies are made at the local level; that is, *participatory budgets*. This is a system in which part of a community's budget is "open" to finance projects designed and proposed by citizens. In France, participatory budgets have three objectives: (1) enhancement of public management and "local governance"; (2) transformation of social relations; and (3) encouragement of participatory democracy (Allegretti and Herzberg, 2004). In total, 150 local communities, including 130 cities, adopted a participatory budget in 2019 in France. With over €500m earmarked for its participatory budget for the 2014–2020 period, the largest participatory budget in France is the one for Paris, which amounts to 5% of the investment budget, for a little over 2m inhabitants (Cabanes, 2017).

The COVID-19 pandemic has triggered various reactions in terms of participatory budgeting. First, there is the status quo, which corresponds to the process initially anticipated before the emergence of the pandemic. Second, some communities that were particularly determined have adapted or even amplified the initiative. In the city of Grenoble, the mayor's office relied on civic-tech [20] to enable citizen consultation. The Gironde department took the opportunity to launch the first edition of its participatory budget, urging inhabitants to imagine and prepare the "world after" by inventing new forms of solidarity. In Épernay, the Mayor announced during the lockdown the doubling of the city's participatory budget from €100,000 to 200,000 "[. . .] because the health crisis linked to COVID-19 also invites us to rethink our relationship with our city." Finally, some of the participatory budgets were called into question (totally or partially). Some initiatives were postponed for several months (e.g. city of Metz). Some events were canceled, such as in case of the Seine-Saint-Denis department, which was unable to launch its first edition. While participation had reached a record with over a quarter of inhabitants voting in the participatory budget in 2019, the Gers department also decided to cancel the 2020 edition. For the projects that were launched, there has been a sharp decline in the number of ideas submitted. For example, in the city of Angers, the number of projects submitted decreased from 314 in 2019 to 195 this year.

While the participatory budget is one of the most emblematic and successful tools for the involvement of citizens (Guérel, 2019) as it strengthens their collaborative component and empowerment (Felix Júnior *et al.*, forthcoming), its development is also part of the promotion of the notion of "territory." Indeed, many stakeholders criticize the French state for its very (too?) strong centralization and its Jacobine tradition.

If the notion of territory is strongly associated with the implementation of participatory budgets, we can also expect to see this phenomenon gain momentum at the national level. An example is the initiative of a group of 66 French parliamentarians calling for a profound questioning of the fundamental social values following COVID-19. This collective movement launched a platform for consultation and action [21] that brought together more than 30,000 participants from April 4, 2020 to May 4, 2020. At the end of this consultation, its report presented 30 proposals, including one to "ensure effective citizen participation by multiplying experimentation around [. . .] participatory budget initiatives, both at the local and national levels." In addition to these initiatives aimed at further integrating the social dimension, the current health crisis is also an opportunity to promote an "eco-citizen" attitude that reflects part of the French population (Ginsburger, 2020).

Environmental issues and commitment toward a sustainable future?

Should the aid granted by the French state to deal with the COVID-19 pandemic come with sustainability requirements? In other words, is it relevant and necessary to include a principle of “eco-conditions” in the times of a crisis? This is the question on which different stakeholders (NGOs and political representatives) shared their opposing views during the coordination of the budgetary response to the pandemic. The process of adoption of various amending budgets has brought to light the disagreements on the nature of the expected compensation in exchange for aid.

During the review of the second budgetary amendment (LFR2), several members of Parliament – based on a proposal by Oxfam France – tabled an amendment [22], which would include some conditions to the aid for large companies, such as the development of an internal strategy to reduce their greenhouse gas (GHG) emissions. Failure to comply with these obligations would lead to financial penalties. The purpose of this amendment was to “[. . .] ensure that the public bail-out of these companies does not lead to a regression in terms of ecological transition.” This amendment was not accepted and another one, [23] which was less binding, was favored. According to the latter, the state “[. . .] shall ensure that these companies fully and exemplarily integrate their social, societal and environmental responsibility objectives into their strategy, in particular with regards to the fight against climate change.” The notion of sanctions and penalties was thus removed.

In the third recovery plan proposed by the French government (PLFR3), many stakeholders pointed out an imbalance between the aid given to the most polluting sectors such as aeronautics and automotive and the one given to sectors that could promote energy transition and raised concerned about the lack of governmental ambition to address global warming issues. These concerns were clearly echoed by NGOs as well as some political parties and apparently resonated with the French government due to the results of the recent municipal elections, which showed a clear push from the environmentalist parties. The election results likely drove incentive policies since the Parliament (*Assemblée nationale*) finally adopted an amendment that is now binding on large companies receiving public aid. It requires the subscription “[. . .] of commitments to reduce their greenhouse gas emissions” and the disclosure of an annual report presenting their compliance with their commitments to address climate change, an official account of their GHG emissions and their strategy for reducing these emissions – within one year from the date of the public benefit grant. Failure to comply with these publication requirements will lead to a fine of €375,000.

These initiatives promoting eco-conditions could, and should, be strengthened in the future. The incentives are still to be defined – but granting financial aid and support in various sectors could be designed and made more dependent on whether and how well environmental objectives are met, and the selection criteria for projects directly financed by the state could include a rigorous analysis of environmental indicators. This would be a more concrete expression of the state’s commitment to the values held by its citizens and would force companies to become more involved in addressing environmental issues.

Conclusion

In the context of this health situation coupled with a real shock to the French economy, we noted a budgetary response in three phases (three amendments to the Finance Law) indicating an underestimation by the government of the consequences of the crisis on the state budget and the necessary solutions (well below European neighbors such as Germany). This can be explained by a strong budgetary constraint, which leads to the government being reluctant to spend massively at the beginning and then gets forced to do so suddenly, in view of the situation.

The response to the health crisis has been an opportunity to highlight the strong need for commitment from the various budget actors and decision-makers relative to each other at various levels. First, despite the European involvement and its flexibility, there is a long-term risk of high indebtedness for France, which could push future policies toward greater austerity than after the Great Recession (Glencross, 2018; House *et al.*, 2020; Math, 2017) and make France more vulnerable to future pandemics. Second, we observed the rise of participatory budgets in local communities in response to the centralization that characterizes France, which calls for higher involvement and engagement from citizens, and ultimately decentralization. Third, the budgetary response to the health and economic crisis revealed that France is now ready to make a greater commitment to an ecological transition desired by the people, as evidenced by the results of the municipal elections.

A research team (Porcher, 2020) assessed the strength of the response to the epidemic using two indicators defined at the national level in 229 countries: (1) an index of how rigid public health measures were (e.g. declaration of a state of emergency, limitation of the number of people in a gathering, school closures, confinement measures) and (2) an indicator measuring the level of intervention in the economy based on the economic measures put in place (e.g. wage support, establishment of credit lines for certain sectors, tax reductions, deferral of tax payments). According to the "governments' responses to COVID-19" [24] database, in France, the rigidity of the health response is classified as intense (which is the highest possible degree) while the degree of economic intervention is qualified as "only" strong (Porcher, 2020). Therefore, the French economic response seems (slightly) behind the one being implemented at the health level.

With regard to the possible implications of the crisis on managerial and institutional approaches, we can expect – among other things – the activity-based pricing system (also known as the T2A ("*tarification à l'activité*")) currently present in French healthcare institutions to be called into question. The T2A is a fairly recent financing method that aims to "medicalize" financing. By setting up a single framework for invoicing and payment for hospital activities, resource allocation is based on the nature and volume of activities and revenues generated by hospital activities determine expenditures, rather than the other way around. This system has regularly been questioned by some stakeholders, but COVID-19 could provide an opportunity to back mixed financing that derogates from this activity-based pricing system.

From a European perspective, supranational policy responses showed their weaknesses as "Europe is equipped with a fair-weather budget that has not been designed to cope with emergencies" (Bénassy-Quéré *et al.*, 2020, p. 104). The European Commission responded that, "beyond the individual programmes, the crisis has underlined how important it is that the Union is able to react fast and flexibly to put in place a coordinated European response. This in turn requires a more flexible EU budget. Therefore, the Commission proposes to reinforce the flexibility of the EU budget and emergency tools for the period 2021–2027 [25]."

Emmanuel Macron's "whatever it takes" (from his March 12, 2020 speech) resonates strongly with the "whatever it takes" from Mario Draghi claimed on July 26, 2012 at the UK Trade and Investment's Global Investment Conference. This was over the "irreversibility" of the Euro and European Central Bank (ECB)'s preparedness to do "whatever it takes" to preserve the Euro. President Emmanuel Macron was fully aware of this sentence as he made comments about it in his speech to the ECB on October 28, 2019, as follows: "History will of course remember [. . .] that July 26, 2012 when you affirmed the ECB's determination to do everything in its power to save the Euro. 'Whatever it takes', three words, three words that decreed with as much force as simplicity the irreversibility of the Euro in the face of markets that were thought to be out of control." This comment sheds light on what Macron had in mind – the "irreversibility" of France when facing COVID-19, which was thought to be uncontrollable.

Finally, as emergency and crisis management involve four steps – mitigation, preparedness, response and recovery, future research could explore "[. . .] the interaction of various levels of government with the private and nonprofit sectors with respect to all phases of emergency management" (Donahue and Joyce, 2001, p. 738). However, it is still too early to make such an analysis.

Notes

1. https://www.vie-publique.fr/discours/274095-bruno-le-maire-17032020-plan-de-soutien-aux-entreprises-salaries-covid
2. LFR stands for *Loi de Finances Rectificative* (Amendment to the Finance Law).
3. https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000041746298&categorieLien=id
4. https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000041820860&categorieLien=id
5. http://www.senat.fr/rap/l19-406/l19-40613.html#:~:text=Le%20Gouvernement%20propose%20la%20cr%C3%A9ation,de%2020%20milliards%20d'euros
6. *Haut Conseil des finances publiques*, *avis n^o HCFP-2020–2*, April 14, 2020.
7. *Programme de stabilité 2020* : https://www.performance-publique.budget.gouv.fr/sites/performance_publique/files/files/Programme_de_stabilite_2020.pdf
8. https://ec.europa.eu/competition/state_aid/what_is_new/sa_covid19_temporary-framework.pdf
9. The SGP includes two arms. In its preventive arm, the SGP "[. . .] aims to ensure sound budgetary policies over the medium term by setting parameters for member states' fiscal planning and policies during normal economic times, while taking into account the ups and downs of the economic cycle" (European Commission, 2020b).
10. INSEE stands for *Institut National de la Statistique et des Études Économiques* (National Institute for Statistics and Economic Studies).
11. According to the SGP, fiscal discipline must be maintained. To do so, the SGP requires each member state to implement a fiscal policy aiming for the country to stay within the limits on government deficit (3% of GDP) and debt (60% of GDP), and in case of having a debt level above 60%, it should decline each year with a satisfactory pace toward a level below.
12. The last French budget surplus dates back to 1974 (INSEE, 2020a).
13. The *Cour des comptes* is equivalent to a Court of Auditors/Court of Accounts. It is the French national administrative court conducting legislative and financial audits of most public institutions.
14. The social situation in France became tense at the end of 2018, with the so-called "Gilets Jaunes" ("Yellow Vests") movement.
15. The condition is as follows: "a severe economic downturn in the euro area or the Union as a whole."
16. Ten-year sovereign bonds interest rates remained stable at a negative level in France in the beginning of 2020 (Bénassy-Quéré *et al.*, 2020).
17. This deficit takes into account all expenditures – those related to COVID-19 and the negative economic consequences in terms of public revenues.
18. One of the 150 proposals made by the *Convention citoyenne pour le climat* (Citizen's Climate Convention) set up by the French Prime Minister Edouard Philippe in 2019 following the *Gilets Jaunes* (Yellow Vests) crisis is to impose a 4% tax to companies that distribute annual dividends of over €10m.
19. In 2020, the financial losses for the layers of communities as a whole are projected to amount to about 7.5bn euros.
20. Civic-tech refers to new technology used to improve democracy (Gilman, 2016).
21. https://lejourdapres.parlement-ouvert.fr/
22. http://www.assemblee-nationale.fr/dyn/15/amendements/2820/AN/361
23. http://www.assemblee-nationale.fr/dyn/15/amendements/2820/AN/443

24. Database available here: https://www.openicpsr.org/openicpsr/project/119061/version/V4/view
25. https://ec.europa.eu/info/sites/info/files/factsheet_1_en.pdf

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Corresponding author
Charles H. Cho can be contacted at: ccho@schulich.yorku.ca