

LESSONS FROM THE COVID-19 PANDEMIC FOR EUROPEAN INTEGRATION

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Purpose: This paper examines the impact of the COVID-19 pandemic on the government's role. The study aims to contribute to the discourse on government intervention and the provision of public goods in a supranational context characterised by diverse socio-economic landscapes and shared policy objectives.

Design/methodology/approach: It investigates three dimensions: the temporal evolution of government interventions, the spatial dimensions of the pandemic's impact, and the structural implications for public policy and sustainability. This analysis is based on a comprehensive review of literature, policy documents, and case studies from EU member states.

Findings: Findings highlight the significance of long-term strategic planning, international cooperation, and equitable economic systems in managing crises and fostering a sustainable environment.

Originality/value: It comprehensively analyses how integrated policy frameworks can enhance crisis resilience, offering practical recommendations for policymakers and contributing to the broader discourse on sustainable development and public governance.

Keywords: sustainability, public goods, post-Covid-19, European Union.

Category of the paper: Conceptual paper.

1. Introduction

Due to the issue's complexity, the prevalent approach to studying the pandemic-induced shift in the state's role in literature often restricts analyses to a single dimension or specific aspects of sustainable development, which these studies generally do not contextualise. The government's increased role in addressing the pandemic and rebuilding economies (Hale et al., 2021; Kubera, 2021) serves as a starting point for this analysis, which, by delving into the three dimensions - temporal, spatial, and structural - aims to build upon the importance of public goods provision to understand the needs of various stakeholders and respond to the evolving challenges posed by global crises. The multidimensional approach to the analysis is

grounded in the work of Goldstein et al. (2023). Their research explored the sources and mechanisms of path dependency and the possibilities for overcoming it in various sectors, including agrarian, developmental, economic, energy, political ecology, political science, sociology, and socio-environmental systems.

This paper is organised into three main sections addressing different aspects of the COVID-19 pandemic's impact and response in alignment with the abovementioned perspectives. The first section examines the temporal evolution of government interventions, highlighting policy adaptations to meet changing health and economic challenges. The second section explores the spatial dimensions of the pandemic, analysing the importance of global cooperation for vaccine production and distribution and financial support across different regions. The third section discusses the structural implications, focusing on the pandemic's distributional impacts and the need for policies that promote sustainability, including a more inclusive recovery. The analysis was based on a comprehensive review of literature covering, among other things, policy documents and case studies from EU member states.

2. Temporal Dimension

The temporal dimension of the state's role in public goods provision refers to how the provision and prioritisation of these goods change over time based on evolving societal needs and challenges and the long-term consequences of public policies.

Different public goods played varying roles at different pandemic stages. The focus on containing the spread of the virus dominated the initial stages, which required the provision of public health services, information dissemination, and emergency response measures (Layard et al., 2020; Baldwin, Weder di Mauro, 2020). As the pandemic progressed, the focus covered vaccine development and distribution. National governments played a vital role in developing COVID-19 vaccines. Amankwah-Amoah & Hinson (2022) give a summary of some COVID-19 vaccines authorised for use: the Chinese government-backed Sinopharm's BBIBP-CorV vaccine, while the Russian government provided financial resources for developing the Sputnik V vaccine, the Pfizer-BioNTech vaccine received financial support from both the United States and German governments, and the United States government also supported the development of the Moderna vaccine; the UK government invested in research and development-related activities for the Oxford University-AstraZeneca vaccine, and lastly, the Janssen Ad26. The governments of the Netherlands and the United States supported the COV2.S vaccine by Johnson & Johnson.

At a later stage, there was a widespread expectation, as expressed by Gopinath (2020), that the state should provide economic support to individuals and businesses affected by the crisis, shifting to supporting demand, incentivising firm hiring, and repairing balance sheets to

aid the recovery. Many studies, such as those by Baldwin and Weder di Mauro (2020), delved into the pandemic's repercussions on economic growth, unemployment, and fiscal strategies. Some scrutinise the efficacy of government stimuli, budgetary and monetary policies, and labour market interventions in fostering sustainable economic recovery. Fiscal strategies deployed included the provision of credit guarantees, tax relief, and direct financial aid for individuals and enterprises impacted by the pandemic (International Monetary Fund, 2023). Simultaneously, central banks' actions ranged from reducing interest rates and initiating quantitative easing programmes to infusing liquidity into the financial system, stabilising the turbulent economic landscape (Bank for International Settlements, 2020). In a noteworthy move, the UK Treasury, in collaboration with the Bank of England, temporarily reinstated a programme permitting the central bank to finance public expenditures directly (Pisani-Ferry, Blanchard, 2020). Similarly, in the euro area context, the European Central Bank's bond-buying programme was highlighted as a mechanism to distribute the crisis's cost evenly.

Research examining the pandemic's impact on the environment sheds light on the distinction between two types of effects in the context of COVID-19 and environmental sustainability: the immediate and longer-term ecological effects. The immediate consequences resulted from the pandemic and were associated with lockdown measures, such as changes in emissions, air quality, and waste generation (Le Quéré et al., 2020; Zambrano-Monserrate et al., 2020). They were often temporary (European Environment Agency, 2020; Zhang, 2022). Conversely, the longer-term consequences arose from policy responses and economic changes that shifted societal behaviours due to the pandemic. Hepburn et al. (2020) emphasise the potential for "green recovery" measures, suggesting that government fiscal recovery packages could retard progress on climate change: the development of clean physical infrastructure, implementation of building efficiency upgrades, investments in education and workforce training, the allocation of funds toward natural capital, and support for clean research and development initiatives. In the EU, the pandemic has prompted a renewed focus on sustainable practices and green policies, as underscored by the European Environment Agency (Strand et al., 2022).

3. Spatial Dimension

The demand for public goods manifests at different levels: local, national, international, and global. Generally, governments play a significant role in providing public goods such as healthcare, education, and social services at the local level.

In the context of the role of globalisation in the pandemic development, a theoretical framework by Antràs et al. (2020) addresses this relationship, incorporating the transmission of diseases through travel and the stimulation of travel via international trade. On the positive side,

international and global cooperation was essential for addressing challenges that transcend national borders, such as vaccine distribution. In this context, Bollyky and Bown (2020, pp. 597-600) propose two alternatives to “vaccine nationalism” that emerged: “vaccine diplomacy” and “global vaccine initiative”. Vaccine diplomacy involves using vaccine distribution to gain goodwill and enhance a country's standing on the global stage. The global vaccine initiative recognises the benefits of ensuring equitable access to vaccines worldwide.

Hale et al. (2021, p. 532) observed that only a few countries adopted robust containment and health policies in early March 2020. However, intensive policy responses became a global phenomenon within a month, displaying a remarkable clustering of policy adoption. As the authors explain, this pattern suggests that countries observed their neighbours or the worldwide response and reacted collectively. The rapid and synchronised adoption of containment and health policies included school closures, stay-at-home measures, testing, and contact tracing across countries. Economic support policies, on the other hand, tended to be established later than closure or containment measures. As the pandemic evolved, countries' responses began to diverge, with some lifting restrictions and others reimposing them. Against the background of this study's results, greater convergence in the EU context is noteworthy regarding restrictions than financial aid (Szypulewska-Porczyńska, 2021).

The COVID-19 pandemic significantly strained small businesses, as evidenced by Bartnik et al. (2020). Given firms' financial fragility, mass layoffs, closures, and uncertainty about the duration of the pandemic, there was substantial interest in seeking support and aid. Some public assistance was activated within the existing national social insurance networks, such as health, unemployment benefits, housing subsidies, and basic income. As a result, the scope of such aid differed between countries. As Stiglitz (2021, pp. 2-3) pointed out, the overall US social protection system did not provide sufficient help for the poor and vulnerable compared to other OECD countries.

4. Structural Dimension

The distribution of benefits and costs associated with the provision or absence of public goods is unequal among stakeholders. Stiglitz (2020) argues that the competitive equilibrium model, which has long dominated economists' thinking, fails to accurately depict the current economic landscape marked by market power, exploitation, and inequality.

The COVID-19 pandemic, by exposing and exacerbating existing social inequalities, brought the social dimension of sustainability to the forefront. Furceri et al. (2022) explore the effects of significant epidemics on income distribution over the past twenty years. Their findings reveal that despite the pandemics being less extensive than COVID-19, they still contributed to a rise in the Gini coefficient, an increase in the income share for higher-income

groups, and a decline in the employment-to-population ratio for individuals with primary education as opposed to those with higher education.

Research demonstrated that the pandemic had disproportionately affected vulnerable populations, revealing stark health disparities across socioeconomic groups. For example, lower-income communities and ethnic minorities are more susceptible to infection, hospitalisation, and mortality rates (Bambra et al., 2020; Blundell et al., 2020). Studies show that the pandemic revealed economic disparities, leading to significant income and job losses, particularly for workers in precarious employment and those in the informal sector. This further widened the financial gap between different social groups. Research by Van Lancker and Parolin (2020) highlights education inequalities: the impact of school closures on educational outcomes, with children from disadvantaged backgrounds experiencing significant learning losses due to limited access to remote learning resources and support (incl. food and housing security). Other studies (e.g. Wenham et al., 2020; Alon et al., 2020; Herten-Crabb, Wenham, 2022) also underline the pandemic's effects on gender inequality, with women bearing the brunt of increased caregiving responsibilities, domestic violence, and job losses, particularly in sectors predominantly employing female workers. Research such as those conducted by Pierce et al. (2020) and Parenteau et al. (2022) show that the pandemic significantly impacted mental health disparities, with vulnerable groups, including low-income individuals and those with pre-existing mental health conditions, particularly affected.

Vulnerable populations, such as low-income, older individuals, and minorities, often bear a disproportionate share of the costs of pandemics while also benefiting less from public goods provision. Patel et al. (2020) found that people of low socioeconomic status face a range of factors that increase their exposure to the virus, such as overcrowded housing, employment in occupations that do not allow remote work, unstable work conditions, limited access to healthcare services and discrimination within the healthcare system, and pre-existing conditions, such as hypertension and diabetes, which are risk factors for COVID-19 mortality.

The decrease in climate finance flowing to developing countries, as identified by Alayza and Caldwell (2021), has far-reaching consequences for both the environment and the communities affected. As climate-related projects are delayed or postponed due to insufficient funding, the urgency to address climate change and its impacts is undermined, exacerbating existing environmental challenges and further endangering ecosystems, wildlife, and natural resources. Reinhart & Rogoff (2020) focuses on the difficulties faced by middle- and low-income countries and the necessity for debt forgiveness or rescheduling, involving collaboration between the International Monetary Fund, the World Bank, and major creditors like China. According to Kose et al., debt levels in emerging markets and developing economies have reached their highest point in 50 years (2022). In light of The Economist's (2020) discussion, it becomes evident that wealthy countries are also grappling with significant debt challenges due to the COVID-19 pandemic. As a result, governments face difficult choices in determining who should bear the burden of this debt.

Some research focused on the pandemic's impact on specific industries or sectors, exploring how various sectors were affected by the crisis and what measures could be taken to enhance their sustainability (Nicola et al., 2020). The lockdown significantly impacted accommodation, food service, arts, entertainment, recreation, and activities of households and employers (Layard et al., 2021, p. 15). Gössling et al. (2020) highlight that tourism directly contributed to the spreading of pathogens regionally and globally and indirectly influenced pandemics through its connection to food production patterns and their link to coronavirus outbreaks. Industrialised food production supported by tourism businesses is associated with animal disease outbreaks and environmental degradation, such as deforestation and habitat loss. Climate change, exacerbated by tourism's greenhouse gas emissions, further increases the risk of pathogen outbreaks by causing human migration and displacement.

On the firm level, studies, such as those by Kuckertz et al. (2020), analyse the pandemic's impact on individual companies or groups of companies, assessing how they have adapted to the crisis and how their actions contribute to sustainability. This may involve examining corporate responses to the pandemic, such as remote work, digital transformation, and shifts in supply chain management. As Kuckertz et al. (2020) further highlight, unlike the dotcom boom and bust crisis, which eliminated unviable business models, the COVID-19 crisis threatened potentially viable innovation extending beyond state intervention and protection of innovative startups.

5. Conclusions

The COVID-19 pandemic has demonstrated the critical importance of an integrated approach to crisis management, highlighting the value of coordination between member states' actions and policies within the EU framework. It has underscored the significance of enhancing solidarity mechanisms, exemplified by joint vaccine procurement and economic support for those most severely impacted by the pandemic. This period of global turmoil has also uncovered the pressing need to develop sustainable and inclusive policies, addressing the pronounced inequalities and environmental challenges that have come to the fore. Moreover, the pandemic has revealed the urgent need for public goods, healthcare, education, investments, etc., to fortify societal resilience against future crises. The experiences from this time underscore the importance of long-term planning and adaptation in EU policies, ensuring they are well-equipped to meet future challenges. Lastly, the lessons learned during this pandemic demonstrated that the EU must continue to promote and strengthen global cooperation in crisis management, which is crucial for sustainable development.

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