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Nations Resort to a Redistribution to Rescue the Western Model for the Post-Pandemic World: An EU and Canadian Approach

Abstract

The novel coronavirus pandemic has triggered an economic slowdown worldwide, aggravating those steadily accumulated inequalities in income and wealth redistribution. Western-type capitalism, international cooperation, and European integration have found themselves at risk. This article points out the resemblances and dissimilarities in policies combating the recessions of 2008 and 2020 on both sides of the Atlantic, focusing specifically on the EU and Canada. It assesses the rising popularity of the welfare-state concept applied both to individuals and entire businesses deemed essential for democracy, notably in the EU, for which the protection of citizens' well-being and solidarity values are at the core of bloc integration. Conceptually conflicting solutions for those crises reflect a profound shift in policy making, reinforcing state interventions vs the neoliberal approach and intensifying discussions on a universal basic income as a tool in redressing socio-economic inequalities. This paper highlights the need for a trans-disciplinary approach to benefit policy making.

Keywords: Health Crisis, Socio-Economic Crisis, Well-being, Solidarity, Integration

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Introduction

The COVID-19 pandemic crisis and its aftermath have put societies, health systems and economies all over the world under pressure. The social, economic and political effects of the situation will likely have a long-lasting impact. On the other hand, the crisis is a unique chance for some real-time learning of practical lessons from counter-measures and recovery efforts from all involved. It is essential to examine the social dynamics and consequences of the outbreak, issues of democratic governance and multi-level cooperation, as well as to improve our understanding of the responses to the crisis with a view to reducing existing inequalities and improve social and economic resilience and societal well-being.

However, the impact on the health-related, social, economic, and political systems depends on the different countries' positions in the geopolitical framework and political and economic interdependences. What's more, some governments' nationalist economic policies, that is, the United States under the presidency of Donald Trump as well as China and India, to name a few of the biggest ones, have been increasingly affecting the global liberal international order. The ongoing challenges have been overlapped with the arrival of a global pandemic caused by the COVID-19 novel coronavirus. That resulted in a worldwide fragmentation pushing a profound "deglobalization" that has become the burning issue in the ongoing debate over the post-pandemic world.

The 2020 crisis has provided an opportunity to assess the resilience of public policies in the European Union and Canada that resembles most of the European Union (EU). With the governments attempt to stop spreading the virus by the Great Lockdown, the idea of a borderless Europe is being questioned by critics. They consider the pandemic a serious stress-test to EU integration and its achievements.¹ An epidemic of biblical proportions, it has caught humanity by surprise. As governments and multilateral institutions around the world have implied the offers of monetary incentives and regulatory measures to support the economy, the situation could emulate a period in European integration history in the 1970s of Eurosclerosis when protectionism tendencies dominated amidst high unemployment, over-regulation, and generous spending on welfare policies which resulted, however, in a slower pace of European integration. The COVID-19 crisis has revealed that several decades later, similar methods supported European integration. While acting with a great degree of autonomy to put extraordinary measures in place, the EU member

¹ E. Opiłowska, *The Covid-19 crisis: the end of a borderless Europe?*, "European Societies" 2020, pp. 1–12.

states' (MS) governments have agreed on very similar policy measures that, as a result, constituted a leap forward for the process of guaranteeing European integration. A similar course of action has been adopted by Western nations across the Atlantic and elsewhere, thereby contesting the longevity of the idea of economic nationalism and isolationism that have boosted populists among liberal democracies.

This paper examines the policy responses produced by governments to stop the spread of the novel coronavirus. That, in turn, has highlighted some fundamental problems while lending itself well to experimenting with workable solutions, thereby cushioning the devastating impact on the global economy.

A few of the most notable and multifaceted policy developments deserve consideration as those which have been directly influenced by the pandemic and which embody the essentials of the Western approach to tackling the overwhelming global challenge. The health crisis and unprecedented economic collapse in the West, compared with the anti-pandemic responses in the East, have cast doubt on the ability of the neoliberal, austerity-driven political actors to perform the most basic functions of governance; to protect lives and secure livelihoods.

The article aims to discuss Western democracies and, in particular, the EU, the Baltic States and Canada in a new environment which faces multifaceted challenges of a unique global mixed and multidimensional crisis, some of which are putting the achievements of European integration and the EU-Canada transatlantic partnership at risk. It is being said repeatedly: the COVID-19 pandemic is going to have significant, long-term consequences.

This crisis is very different from previous economic downturns being multidimensional due to various health systems problems and, consequently, economic systems. Nations are dealing with simultaneous crises. The 2008–2013 recession and recovery recipes were based on neoliberal fundamentals comprising a globalised market-based system, a loosening of regulatory controls, a weakening of social safety nets, and a reduction of taxes. However, in times of crises, the neoliberal ideology, advocated by the Washington consensus institutions, supported the implementation of austerity measures (i.e. control of budget deficits and public spending) to overcome debt and fiscal problems, followed by neoliberal orthodoxy – market-oriented reform policies, the lowering of trade barriers, and reducing state influence in the economy.

Indeed, Western policy responses, particularly those offered by the EU and Canada (circa 2008–2013), have been guided by goals to stabilise, stimulate and recover financial systems by promoting maximum employment and improving economic conditions.

Similarly, during the COVID-19 crisis, policymakers, backed by international institutions, have responded by delivering cash transfers to households and businesses, which the policymakers see as significant social protection measures. While many standard economic statistics have yet to catch up with the reality Western countries are experiencing, it is increasingly clear that the effects on Europe's socio-economic conditions and North America are severe. However, this downturn could be, to some extent, contingent on policy actions taken at all levels of government in many countries to mitigate the socio-economic shock on households and businesses and to support recovery as the worst of the public health crisis is behind us.

These measures, taken during the 2008 crisis, proved to be not entirely useful nor appreciated in 2020 due to the different conditions provoked by the COVID-19 crisis. A move away from the neoliberal policies and neoliberal approach is unlikely to be the only methodology for overcoming this crisis. The actions taken by governments since the very beginning show that some lessons have been learned from the previous crises and their management. As a result, an austerity policy is not applied to the public sector and is unlikely foreseen in one or two years; the public sector and institutions consider themselves as the guarantors of their citizens' safety and security. Such a trend was bold at the first stage of the crisis, characterised by lockdown policies.²

The novel coronavirus has caused unprecedented government interventions in many countries, including EU Member States (MS). The challenges are similar to a large extent in every MS as they all have to mobilise resources to provide post-disaster health and financial services to communities, businesses and individuals. Strategies developed for preventing, managing, and mitigating stress and anxiety for Europeans, even with some uncertainty, can lead to socio-economic recovery.

At the European level, the foundations of European integration are being questioned. The Single Market was built on the free movement of labour, capital and services, Competition Law, State aid, and the Stability and Growth Pact. These pillars have been shaken by the pandemic and will undoubtedly be at the centre of future debates.³

² Organisation for Economic Co-operation and Development, *COVID-19 and fiscal relations across levels of government*, OECD, 2020, <http://www.oecd.org/coronavirus/policy-responses/covid-19-and-fiscal-relations-across-levels-of-government-ab438-b9f/> (access 10.11.2020).

³ F. Zuleeg, *The Economic Impact of Covid-19 on the EU: From the Frying Pan into the Fire*, European Policy Centre, 2020, https://wms.flexious.be/editor/plugins/image-manager/content/2140/PDF/2020/Economic_impact_of_COVID19_on_EU.pdf (access 10.11.2020).

The question is whether the EU's essential values will push forward other policies due to the crisis. The authors believe that European fundamentals have a strong influence on the EU institutions' political responses and motivate governments to harmonise rules and policies further to overcome the crisis and its consequences for the benefit of economic integration.

To maintain Europe's current living standards in a more restrictive global environment, reliance on each other and applying measures preventing barriers caused by COVID-19 in order to sustain the Single Market's welfare benefits will be crucial. EU integration needs rethinking as it is now in a quandary between the national policies of the MS determined by the global pandemic, the effectiveness of their health systems and an urgent need for cooperation by the Member States so as to avoid European divisions and prevent economies and people from the severe economic downturn. This contribution will pay attention to the process of the implementation of the EU's "Marshall Plan" considering new economic, social and political realities, including the competencies of the European Commission (EC) in such policies as social, public health, and health care.⁴

Transforming Economies: The Welfare State Effect

Socially responsible welfare states are, to date, the model that directly impacts citizens' well-being by providing personal services and family benefits and, more indirectly, by improving the health, wealth, and social well-being of a whole nation.

The pandemic's social implications emerged rapidly. The coronavirus has affected people indiscriminately across countries, and interim quarantine measures have affected all workers horizontally, widening the social gap based on self-surveillance and surveillance of the masses by government authorities. COVID-19 is not a crisis of neoliberalism or capitalism, according to some scholars.⁵

The uniqueness of the current crisis is that it has highlighted the contradictions that capitalism creates which have not been solved by the Western welfare models and their social policies.

⁴ U. von der Leyen, *Coronavirus: President von der Leyen outlines EU budget as Marshall Plan for Europe's recovery*, 2020, <https://ec.europa.eu/newsroom/ecfin/item-detail.cfm> (access 10.11.2020).

⁵ B. Bonfert, *Political Economy and Politics: – Covid-19, Critical Political Economy, and the End of Neoliberalism?*, "European Sociologist", no. 1(45)/2020, <https://www.europeansociologist.org/issue-45-pandemic-impossibilities-vol-1/political-economy-and-politics---covid-19-critical-political>; A. Saad-Filho, *From COVID-19 to the End of Neoliberalism*, "Critical Sociology", May 29, DOI:10.1177/0896920520929966 (access 10.11.2020).

According to the International Labour Organisation (ILO), “the world of work is being profoundly affected by the global virus pandemic. In addition to the threat to public health, the economic and social disruption threatens the long-term livelihoods and well-being of millions.”

Most countries in the Western world have spent their resources at an unprecedented scale in order to boost their economies and employment through fiscal, monetary, social protection, and other policies. An essential reference for tackling these challenges is provided in the ILO Centenary Declaration for the Future of Work, which sets out a human-centred approach for increasing investment in people’s capabilities, work institutions, and the creation of decent and sustainable jobs for the future.⁶

During the first wave of COVID-19, virtually all EU countries were in lockdown in an attempt to ‘flatten the curve’ of new infections. The same trend was witnessed in the second wave, which represents enormous implications for society at large – for example, through the differential ability of different social groups to protect themselves; the pre-existing social gap before the pandemic was subsequently widened.⁷

Governments have intervened to subsidise depressed industries by providing subsidies to businesses (such as flat-rate loans, certain reimbursements, tax reliefs) to compensate for forced interruptions. Besides, to sustain aggregate demand, the following measures to keep employment have been introduced in many EU countries: a) compensatory measures for workers whose activities have been suspended, aimed at reducing (even to zero) working hours by public support modelled on the German short-time scheme aimed at saving jobs (*Kurzarbeit*) (as pointed out by the International Monetary Fund (IMF), interest in this model has grown during the pandemic; Germany’s short-time work programme is widely considered the gold standard of such programmes) and b) cash compensation for the self-employed.⁸

⁶ International Labour Organization. *COVID-19 and the world of work*, 2020, <https://www.ilo.org/global/topics/coronavirus/lang--en/index.htm> (access 10.11.2020).

⁷ J. Stiglitz, *COVID-19 and Global Inequality – IMF F&D*, 2020, <https://www.imf.org/external/pubs/ft/fandd/2020/09/COVID19-and-global-inequality-joseph-stiglitz.htm> (access 10.11.2020).

⁸ International Monetary Fund, *Kurzarbeit: Germany’s Short-Time Work Benefit*, IMF, 2020, <https://www.imf.org/en/News/Articles/2020/06/11/na061120-kurzarbeit-germanys-short-time-work-benefit> (access 10.11.2020); M. Schnetzer, D. Tamesberger, S. Theurl, *Austrian short-time work model: a labour-market policy for the many, not the few*, Social Europe, 2020, <https://www.socialeurope.eu/austrian-short-time-work-model-a-labour-market-policy-for-the-many-not-the-few> (access 10.11.2020).

Trade union organisations in several OECD countries responded swiftly to the challenges raised by COVID-19.⁹ According to the European Trade Union Confederation (ETUC), short-time work schemes with both employers and governments have been negotiated so that workers continue to receive their wages or a percentage of their salaries. Trade unions have concluded a number of agreements that achieve the triple objective of protecting business, maintaining employment and ensuring that when the EU economies come out of lockdown, they are in the best position to restart their activities. Constructive social dialogue (SD) and decisive responses from all social partners are required to provide synergies between social and economic development, effective employment policy, and a safety net for the future.¹⁰

Such initiatives illustrate that SD and collective bargaining can be mobilized to complement public action, identify flexible and balanced solutions for both companies and workers, and strengthen labour market resilience.¹¹ Furthermore, many OECD countries extensively promoted teleworking or working from home. During the COVID-19 crisis, it was suddenly in both employers' and employees' direct interest to reduce their exposure to the virus and maintain operations. To promote a rapid move to telework for all processes that allow it, countries took a series of measures to simplify its use, including financial and non-financial support to companies.¹²

The crisis demonstrates the urgency of a coherent, pan-European response to critical aspects of labour regulation and in-work poverty. Existing social safety nets cannot be relied upon to provide adequate protection.¹³

⁹ The Trade Union Advisory Committee, *TUAC Assessment of the OECD Employment Outlook 2020*, TUAC, 2020, <https://tuac.org/news/tuac-assessment-of-the-oecd-employment-outlook-2020/> (access 10.11.2020).

¹⁰ European Trade Union Confederation, *Covid-19 Watch: Short Time Work Measures Across Europe*, 2020, https://www.etuc.org/sites/default/files/press-release/file/2020-03/Covid_19%20-%20Briefing%20Short%20Time%20Work%20Measures%20.pdf (access 10.11.2020).

¹¹ OECD, *OECD Employment Outlook 2019: The Future of Work*, 2019, https://www.oecd-ilibrary.org/employment/oecd-employment-outlook-2019_9ee00155-en (access 10.11.2020).

¹² OECD, *OECD Economic Outlook No 107 – Double-hit scenario* (Edition 2020/1), www.oecd-ilibrary.org. Published 2020. Accessed October 7, 2020, https://www.oecd-ilibrary.org/economics/data/oecd-economic-outlook-statistics-and-projections/oecd-economic-outlook-no-107-double-hit-scenario-edition-2020-1_82024563-en (access 10.11.2020).

¹³ S. Marchal, *Europe's social safety nets were not ready for the corona shock*, Social Europe, 2020, <https://www.socialeurope.eu/europes-social-safety-nets-were-not-ready-for-the-corona-shock> (access 10.11.2020).

Whatever measures the EU and its MS implement, it is crucial to maintain employment rates as much as possible.¹⁴ Employment and unemployment subsidies and the postponement of taxes are essential steps that have already been introduced by many governments, but protecting jobs and production capacity at a time of dramatic income loss requires immediate liquidity support. This support is essential for all businesses so that they are able to cover their operating expenses during the crisis, be they large corporations or even more small and medium-sized enterprises and self-employed entrepreneurs. According to the European Central Bank (ECB), “National governments have provided unheard-of fiscal support to firms that retain jobs, helping make the surge in bank loans and corporate debt serviceable ex-post. More than 25 million workers in the euro area – 15% of employment – have been enrolled in short-time work schemes during the second quarter. As a result, jobs and incomes have been protected, and the connections between employers and employees have been preserved”.¹⁵ Some analysts and politicians depict a State’s social protection role as short-term and unsustainable or even counterproductive in the new global scenario. However, the risk of social exclusion and in-work poverty (IWP), which represents a substantial group among workers and their number, continues to grow in many EU countries and which was extant even before the current crisis began.¹⁶ The European Pillar of Social Rights states that “adequate minimum wages shall be ensured”.¹⁷ As a response to the current situation, the European Union aims to introduce a legal instrument on decent minimum wages in consultations with social partners in 2020. A European framework is foreseen to be designed and implemented. This initiative is another example of the interventionist approach in the EU social dimension in times of the crisis. Such an approach has a long-term ambition for a Social Europe and the EU’s efforts to reduce rising wage inequalities and in-work poverty. It helps to provide vulnerable workers with a financial buffer in case of hard times; create more generous incentives to work, thereby improving productivity, reduce wage inequalities in society, increase domestic demand, the resil-

¹⁴ M. Draghi, *Draghi: we face a war against coronavirus and must mobilise accordingly*, The Financial Times, 2020, <https://www.ft.com/content/c6d2de3a-6ec5-11ea-89df-41-bea055720b> (access 10.11.2020).

¹⁵ C. Lagarde, *Europe’s response to the crisis*, 2020, <https://www.ecb.europa.eu/press/blog/date/2020/html/ecb.blog200723~c06fafabb6.en.html> (access 10.11.2020).

¹⁶ R. Peña-Casas, D. Ghailani, S. Spasova, B. Vanhercke, *Work Poverty in Europe, “A Study of National Policies”* 2019, pp. 78–86.

¹⁷ European Council, European Parliament, European Commission, *Our World, Our Dignity, Our Future*, 2017, [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:42017Y0630\(01\)&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:42017Y0630(01)&from=EN) (access 10.11.2020).

ience of the economy and close the gender pay gap. However, the legal instrument does not envisage harmonisation of minimum wage setting systems depending on the minimum wage setting designs and traditions of the MS, in full respect of national competencies and social partners' contractual freedom.¹⁸ It would be essential to apply an adequate minimum wage as a critical element of the European Semester and country-specific recommendations.¹⁹

Moreover, a new European Citizens Initiative (ECI) “Start Unconditional Basic Incomes throughout the EU”) was registered at the beginning of the crisis on 15th May, 2020 with the collection dates from 25th September, 2020 to 25th September, 2021.²⁰ The aim is to establish unconditional basic incomes throughout the EU, ensuring every person's material existence and opportunity to participate in society as part of its economic policy. This shall be reached while remaining within the competences conferred to the EU by the Treaties. The prime objective is to reduce regional disparities so as to strengthen the economic, social and territorial cohesion in the EU. The joint statement by the European Council, the European Parliament and the European Commission in its response to the 2030 Agenda for Sustainable Development, stated already in 2017, that “the EU and its MS will also support efficient, sustainable and equitable social protection systems to guarantee basic income” to combat inequality. The ECI is another tool that allows European citizens to express their “demands” for an increased strengthening of the EU. The need to collect signatures in the majority of the EU MS for this initiative to be valid, creates the necessity for citizens to work across borders for the common goal, which could be that of the EU where the voice of the people is heard and counts. Article 11 (4) of the Lisbon Treaty states that “at least one million citizens of the nationality of EU MS may, on their initiative, invite the European Commission, in the exercise of its EU powers, to submit and make proposals for matters arising from the Treaty to citizens”.²¹

¹⁸ European Council, Special meeting of the European Council (17, 18, 19, 20 and 21 July), www.consilium.europa.eu, Published 2020, <https://www.consilium.europa.eu> (access 10.11.2020).

¹⁹ C. Dhéret, M. Palimariciuc, *Minimum wage and the EU: Happily ever after*, The European Policy Centre, 2020, <https://www.epc.eu/en/publications/Minimum-wage-and-the-EU-Happily-ever-after~33d394> (access 10.11.2020).

²⁰ European Citizen Initiative, *Start Unconditional Basic Incomes (UBI) throughout the EU*, 2020, https://europa.eu/citizens-initiative/initiatives/details/2020/000003_en (access 10.11.2020).

²¹ Official Journal of the European Union, EUR-Lex-C2012/326/01-EN-EUR-Lex, 2012, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:C2012/326/01> (access 10.11.2020).

The ECI is seen as an opportunity for citizens to participate directly in shaping the EU's future. The issue has come to the fore under the free market's influence and free movement of labour.

Pandemic-Induced Welfare Policies – on Both Sides of the Atlantic

The European Citizen Initiative reflects a revival of interest in the Universal Basic Income (UBI) programme. For the latter, mass unemployment caused by the pandemic and consequent recession became a vital test, marking an abrupt transition from pilot experiments with the concept, (long deemed to be a socialist idea challenging capitalism) now put into practice by liberal democracies in Europe and North America, thereby representing a political consensus.²² Spain, Italy and Portugal have urged the European Union to introduce a pan-EU minimum income system to not only protect the livelihoods of citizenry affected by the pandemic recession, but also to give people a sense of security, reduce social inequalities and regional disparities for the sake of strengthening the economic, social, and territorial cohesion in the European bloc. The UBI idea is back in the welfare debate, with the notion of a living wage or unconditional living allowance being discussed in France, Germany, and elsewhere. Those advocating the adding of the UBI as an essential element of the policy packages argue that otherwise, the world will have to deal with widespread social discontent and violence, coupled with chaotic flows of migration fertilizing the soil for extremism and would ultimately cost governments even more.²³

The same enthusiasm was abundantly evident in Canada, where the liberal government under Justin Trudeau has introduced The Canada Emergency Response Benefit (CERB), giving financial support to employed and self-employed Canadians who were directly affected by COVID-19.

²² E.O. Wright, *Basic Income as a Socialist Project*, "Basic Income Studies", no. 1(1)/2006; M. Ylikännö, *Could the COVID-19 crisis revive the idea of a Universal Basic Income?*, Friends of Europe, 2020, <https://www.friendsofeurope.org/insights/could-the-covid-19-crisis-revive-the-idea-of-a-universal-basic-income> (access 10.11.2020).

²³ A. Kassam, *Spain rekindles a radical idea: a Europe-wide minimum income*, The Guardian, June 3, 2020, <https://www.theguardian.com/world/2020/jun/03/spain-rekindles-a-radical-idea-a-europe-wide-minimum-income> (access 10.11.2020); B. Horvath, K. Wignaraja, *Universal basic income is the answer to the inequalities exposed by COVID-19*, World Economic Forum, 2020, <https://www.weforum.org/agenda/2020/04/covid-19-universal-basic-income-social-inequality> (access 10.11.2020).

Those eligible receive C\$2,000 (US\$ 1,495) a month as a taxable benefit. This benefits programme, with a total estimated cost of C\$71.3 billion (US\$ 55.7 billion,) was repeatedly extended. Subsequently, the Senate national finance committee has urged the federal government and the provinces consider a UBI as a longer-term option.²⁴

Another essential point is that the pandemic has revealed a need for UBI for individuals and, moreover, entire industries whose services proved to be necessary for addressing the crisis and its adverse and wide-ranging implications. Notably, public-interest journalism, suffering from its business model's gradual collapse, turned to be a frontline defence against spreading disinformation about coronavirus, known since then as the "infodemic." The pandemic has seen an explosion of conspiracy theories, both well-known and novel. The outbreak of disinformation has revived severe political and social hostilities globally, with Asians finding themselves the target of racist attacks. As demonstrated in the special report of the European External Action Service's East StratCom Task Force, falsehoods and myths about the pandemic, in some cases conducted by state or state-sponsored actors, are fraught with "harmful consequences for public security, health and effective crisis communications." Equally importantly, misinformation and speculations about symptoms, unproven drugs, and dubious therapy methods put lives at risk. Therefore, the World Health Organization (WHO), authorized by the United Nations (UN) to coordinate an emergency response to the novel coronavirus crisis, has designated a special section on its webpage to debunk myths about the pandemic. Nonetheless, reputable health practitioners emphasise the traditional media's incontestably crucial role in providing evidence-based information to the general public.²⁵

Meanwhile, trusted news providers are struggling because of a steady decline in media revenues due to the dysfunction of their business models in the era of digital platforms. They now find themselves less and less capable of performing their social functions effectively. The pandemic has fostered an environment conducive to translating feasible policy options not only into concrete political steps, but also into regulation and law-

²⁴ Office of the Parliamentary Budget Officer, Canada, Legislative Costing Note, 2020, https://www.pbo-dpb.gc.ca/web/default/files/Documents/LEG/LEG-2021-032-S/LEG-2021-032-S_en.pdf (access 10.11.2020); B. Curry, *Senators urge Ottawa to target income-support programs on economic recovery*, "The Globe and Mail", 2020, <https://www.theglobeandmail.com/politics/article-senators-urge-ottawa-to-target-income-support-programs-on-economic/> (access 10.11.2020).

²⁵ J. Zarocostas, *How to fight an infodemic*, "The Lancet" no. 395(10225)/2020, p. 676, DOI:10.1016/S0140-6736(20)30461-X.

making, with Western governments worldwide responding to the demand for a lifeline to be provided to the reputable press outlets.

In multiple liberal countries, industry lobbies have introduced proposals to keep the press afloat. In the UK, The National Union of Journalists has submitted a plan of action to save the industry, “essential” in keeping the governments in check.²⁶ The Magazine Publishers Association of New Zealand has petitioned the government for the national media industry to be classified as an “essential service”.²⁷

The pandemic has moved governments in the West to act. The concept of journalism as part of critical infrastructure is gaining acceptance at an administrative level, with the governments of Ireland and the Canadian province of Quebec including news organizations in their lists of the entities providing an “essential service”.²⁸ Australia and New Zealand allocated tens of millions of dollars for the ailing media industry’s relief, stressing the news service’s essential role.²⁹ In doing so, politicians bow to popular demand coming from an overwhelming part of their constituencies. In Canada, most citizens support state funding to prevent failing news providers from closing down; nearly three-quarters of Canadians say social media platforms are less accurate than traditional media according to a recent poll conducted by Nanos pollster for Friends of Canadian Broadcasting, a non-governmental organization operating in the field of journalism.³⁰ In Europe, members of the European Parliament have urged

²⁶ National Union of Journalists, NUJ launches News Recovery Plan, 2020, <https://www.nuj.org.uk/news/nuj-launches-news-recovery-plan/> (access 10.11.2020).

²⁷ S. Edmunds, H. Cooke, *Prime Minister “guted” Bauer closing its doors, but says company refused wage subsidy*, Stuff, 2020, <https://www.stuff.co.nz/business/120754944/publisher-of-metro-womans-day-closes-in-nz-amid-coronavirus-woes?rm=m> (access 10.11.2020).

²⁸ Government of Ireland, *COVID-19 (Coronavirus)*, October 7th, 2020, <https://www.gov.ie/en/publication/dfeb8f-list-of-essential-service-providers-under-new-public-health-guidelin> (access 10.11.2020); Gouvernement du Québec, *List of essential services and commercial activities COVID-19*, 2020, <https://www.quebec.ca/en/health/health-issues/a-z/2019-coronavirus/essential-services-commercial-activities-covid19/#c48457> (access 10.11.2020).

²⁹ A. Meade, *Dozens of Australian newspapers stop printing as coronavirus crisis hits advertising*, The Guardian, April 14, 2020, <https://www.theguardian.com/media/2020/apr/14/dozens-of-australian-newspapers-stop-printing-as-coronavirus-crisis-hits-advertising> (access 10.11.2020); A. Faafoi, *Media support package delivers industry request for assistance*, The Beehive, 2020, <https://www.beehive.govt.nz/release/media-support-package-delivers-industry-request-assistance> (access 10.11.2020).

³⁰ Nanos Research, *Canadians Say Professional Journalism Is Essential given the Coronavirus Outbreak and Should Be Supported by the Federal Government*, 2020, <https://friends.ca/workspace/uploads/documents/covid-media-emergency-fcb-nanos-report-2020-04-06.pdf> (access 10.11.2020).

for the rescue of the media as a “pillar of democracy” and a deterrent to fake news and the “infodemic”.³¹

The current, multifaceted crisis is a challenge not only for Europe’s economic performance but also for its values – social cohesion, and solidarity. However, many governments will be tempted to focus on jobs and growth solely. That challenge is to be understood in a double sense, as a threat to and as an opportunity for social cohesion. In some countries, the crisis will generate an impetus towards a more sustainable and socially oriented society.

The Great Reset: Solidarity and Integration

The size and persistence of the socio-economic impact of the COVID-19 crisis are unknowable. The OECD indicated that global economic activity would fall by 6% in 2020, and OECD unemployment climbed to 9.2% from 5.4% in 2019. This is a scenario without a second wave. In the case of a second wave with renewed lockdowns, the OECD has estimated a drop of 7.6% in world economic output before climbing back to 2.8% in 2021.³²

The European economy entered a sudden recession in the first half of this year with the deepest output contraction since World War II. To counter the spread of COVID-19, significant containment measures were introduced worldwide, voluntarily shutting down large parts of the economy. A string of indicators suggests that the euro area’s economy has operated between 25% to 30% below its capacity during the period of the strictest confinement. Overall, the euro area’s economy is forecast to contract by about 8 3/4 % in 2020 before recovering at an annual growth rate of 6% next year.³³ This pandemic time has seen unprecedented government interventions across the EU, avoiding the Single Market principles and freedoms. Indeed, the current COVID-19 crisis has changed the conditions under which the common market operates. To adjust to the global structural economic changes and fluctuations requires the creation of a substantive common microeconomic

³¹ A group of MEPs and media policy experts, *LECLERCQ C. Health, trust and journalism: a Coronavirus Plan for the Media*, 2020, <https://www.euractiv.com/section/digital/opinion/health-trust-and-journalism-a-coronavirus-plan-for-the-media> (access 10.11.2020).

³² OECD, *OECD Economic Outlook*, No. 107 (Edition 2020/1), OECD Economic Outlook: Statistics and Projection (Database), https://oecd.github.io/EO-Outlook_chart_2/ (access 10.11.2020).

³³ European Commission. Press corner. European Commission – European Commission, May 6, 2020, https://ec.europa.eu/commission/presscorner/detail/en/ip_20_799 (access 10.11.2020).

and sectoral policy framework to continue the four freedoms beyond state intervention.

The White Paper on levelling the playing field regarding foreign subsidies by the EC recognises that State aids can distort the Single Market. “In the current context of the COVID-19 crisis, EU MS grant significant amounts of State aid to support individual undertakings and the EU economy as a whole. It is a situation in which State aid is an indispensable means at the disposal of public authorities to stabilise the economy and accelerate research into the coronavirus. The current situation illustrates the importance of preserving a level playing field within the internal market, even in exceptional economic circumstances”.³⁴

The response to COVID-19-related economic challenges is changing the philosophy and economic behaviour as well as economic structures. In specific sectors, including health, the demands for reshoring production within the EU are becoming hard to resist. At the global level, the ‘my country first’ narrative is quite strong, as is the need to increase strategic autonomy of countries and ensure the security of supply, along with the desire to rescue companies that would be competitive post-COVID-19, and to save as many jobs as possible.³⁵

However, as COVID-19 transmission rates have declined in European countries by June- July 2020, restrictions have been eased, and economies opened up. In this situation, policymakers tried to balance the virus’s continued suppression with a progressive restarting of economic activities, including cross-border flows such as tourism. In summer 2020, recovery plans were implemented at local, regional, national and European levels. The economic impact of the pandemic, and the capacity for recovery, vary significantly across sectors and regions, depending on national abilities to control the spread of the virus, on the duration and stringency of lockdown measures, on regional economic structures and on the scope to support economic activity and resilience. The massive economic, financial and social impact of the COVID-19 crisis presents a vast policy challenge at all levels of government. As the European Commission noted, “the impact and recovery potential also depends on each country’s demographic or economic structure, with for instance those with a high number of small and medium-sized enterprises (SMEs) hit harder. This has a con-

³⁴ EUR Lex, EUR-Lex-52020DC0253-EN-EUR-Lex, June 17, 2020, <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=COM:2020:253:FIN> (access 10.11.2020).

³⁵ F. Zuleeg, *The Economic Impact of Covid-19 on the EU: From the Frying Pan into the Fire*, European Policy Centre, 2020, https://wms.flexious.be/editor/plugins/image-manager/content/2140/PDF/2020/Economic_impact_of_COVID19_on_EU.pdf (access 10.11.2020).

siderable knock-on impact on the Single Market and widens divergences and disparities between the MS. This is reflected in the fact that the recession will be close to 10% for some countries, compared to an average of between 6–7.5% elsewhere”.³⁶ EU MS agreed in April 2020 on a ‘roadmap’ for recovery in order to relaunch the EU economy. The European Commission has now put forward proposals to implement the roadmap, including territorially focused interventions to support economic, social and territorial cohesion. Next Generation EU (NGEU) is a new recovery instrument of €750 billion, which will boost the EU budget with new financing raised on the financial markets for 2021–2024. Besides this instrument, the Recovery Plan for Europe comprises a revised proposal for the Multiannual Financial Framework (MFF) for 2021–2027 and further resources committed outside the EU budget.

The NGEU is based on three pillars: 1) supporting the recovery of the MS, 2) kick-starting the economy and helping private investment, and 3) learning lessons from the crisis. According to A18 in Conclusions of the Special meeting of the European Council (17, 18, 19, 20 and 21 July 2020) “Member States shall prepare national recovery and resilience plans setting out the reform and investment agenda of the Member State concerned for the years 2021–23. The plans will be reviewed and adapted as necessary in 2022 to take account of the final allocation of funds for 2023”.³⁷ The abovementioned measures will lead to an advanced approach to the functioning of the Single Market and its instruments.

Unanimity between the EU MS at the time of Germany’s Presidency in the EU is being jeopardized by Poland and Hungary vetoing the next EU seven-year budget in protest of a rule-of-law conditionality. The situation is clearly another display of populism tendencies and is a search for greater independence and sovereignty by these two countries but neglecting, however, the integration benefits the nations enjoy as a result of their EU membership. The budget crisis entails the learning of certain lessons, such as to use qualified majority voting instead of unanimity, for example. The legal part of this dispute could be subjected to the European Court of Justice. Regrettably, this battle over the EU budget in these coronavirus times represents another wave of potential threats to EU values such as solidarity, cooperation and cohesion.

³⁶ EUR Lex, EUR-Lex-52020DC0456-EN-EUR-Lex, May 27, 2020, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2020:456:FIN> (access 10.11.2020).

³⁷ European Council, European Council conclusions, 17–21 July 2020, <https://www.consilium.europa.eu/en/press/press-releases/2020/07/21/european-council-conclusions-17-21-july-2020/> (access 10.11.2020).

Territorial impact and cohesion

The coronavirus pandemic represents a significant challenge for the EU. The governments are having to operate in the context of radical uncertainty, and, according to the OECD study on the territorial impact of COVID-19, the socio-economic asymmetry of the pandemic-borne consequences across Europe, countries, and regions is shaped mainly by the diversity of regional socio-economic characteristics. The regional and local impact of the COVID-19 crisis is highly heterogeneous and has a strong territorial dimension along with significant implications for crisis management and policy responses.³⁸ The regional differences appeared to be substantial, particularly in between more-developed and less-developed regions.

Many Southern regions in the EU are regarded as being the worst affected. The key differences among MS and EU institutions are on the scale and mechanism of the European Recovery Package, its size, importance of grants, loans and guarantees, the methods for allocating funding etc. which resulted in the debate that clearly shows different national positions mostly between southern EU countries (Italy and Spain) and the smaller net payer countries (Austria, Denmark, Finland, Netherlands, Sweden). The Eastern European MS, as well as Cyprus and Malta, would prefer a package predominantly or wholly made of grants. Most countries, including Bulgaria, France, Germany, Ireland, Italy, Romania, and Slovenia favour the EC proposal of a mix of loans and grants. Furthermore, there is no clear consensus on links of the Recovery and Resilience fund (RRF) with the European Semester and concern about the absorption capacity for REACT-EU – Recovery Assistance for Cohesion and Territories of Europe, whose mechanism is based on flexible cohesion policy grants for municipalities, hospitals, and companies via MS' managing authorities. No national co-financing is required. Additional issues prominent in the debate include the relationship between investment and reforms, the role of the EU Competition policy, and especially the control of State aid. However, a Franco-German agreement had enabled the approval of the EC plan for recovery in which the role of Cohesion policy in responding to the sectoral and territorial impact of the pandemic was recognised.³⁹

³⁸ OECD, *The territorial impact of COVID-19: Managing the crisis across levels of government*, OECD, 2020, <http://www.oecd.org/coronavirus/policy-responses/the-territorial-impact-of-covid-19-managing-the-crisis-across-levels-of-government-d3e314e1/> (access 10.11.2020).

³⁹ J. Bachtler, C. Mendez, F. Wislade, *The Recovery Plan for Europe and Cohesion Policy: An Initial Assessment*, European Regional Policy Research Consortium Paper 20/1, European Policies Research Centre, Glasgow and Delft 2020.

Scholars and experts express their opinion that a successful response to COVID-19, which ignores societal or territorial borders, must build on cooperation. To do so, an analysis of the impacts of COVID-19 needs to go beyond national borders and take a European approach. However, one-size-fits-all approaches will not be able to help all regions in their recovery, nor will they utilise the diverse potential for recovery in Europe. Sectors that are less affected by COVID-19 policy responses might play a crucial role in the recovery processes.⁴⁰ EU leaders have to be fully aware in order to see the simultaneous challenge of a new global reality and the trends of internal weakening. Consolidation and improved functioning require bold innovation and a complete overhaul in critical areas of EU integration.

Small and open economics: the need for integration

For small economics and open economies, the COVID-19 crisis represents a serious challenge. The Baltic States went through a protracted recovery period after the 2008 crisis and had huge imbalances such as an unsustainable current account deficit, high inflation and a pro-cyclical fiscal policy, a credit and real-estate bubble, booming private debt, and overvalued real estate. However, in recent years, strong growth with good fundamentals such as fiscal discipline and surpluses in current accounts have facilitated strong labour markets; trade is balanced, lending growth moderate and financed by domestic deposits while real estate is adequately priced. Moreover, membership in the Eurozone guaranteed the Baltics readiness to deal with the current COVID-19 crisis.

The spread of the virus at the beginning of the pandemic was slower in the Baltic States than one might expect; ironically, the lockdown measures there have been much less severe than in other parts of Europe. The advantage of the Baltics lies in their less densely populated territories, with a quick response to crises due to their size, as well as their being relatively well digitized, especially Estonia. However, the second wave hit the nations much more severely. The impact of the crisis could be observed in several dimensions. Although the gravity of the situation in specific economic sectors could be relatively similar across EU countries, the tourism sector in the Baltics, for example, is not large and does not constitute a major revenue in the budget.

Additionally, a relatively less sophisticated manufacturing base with extensive food, wood and IT sectors could also be more resilient to a downturn in demand, even though most of manufacturing is export-orientated

⁴⁰ K. Böhme, F. Besana, *Understanding the Territorially Diverse Implications of COVID-19 Policy Responses*, Spatial Foresight, 2020.

depending on the market in the EU, which required revitalisation of the markets among the key partners in the EU. Furthermore, small and open economies are usually more vulnerable to external shocks and hit harder by the crisis. The Baltics' governments are acting, providing support to both businesses and households without significant delays⁴¹; however, the power of governments is limited compared to wealthier partners in the EU. Overall, the recovery plans adopted at the EU level could help the nations recover with fewer socio-economic consequences relying on economic integration, cohesion, and solidarity values. The crisis will ultimately change the way of doing business along with working conditions and is likely to speed up the digitization process of European economies and, by shortening and simplifying the supply chains, bring them closer to the customer. The transition to digitalization is accelerated. Given their developed infrastructure, the Baltic States could be in a good position in the digitization process.

Additionally, Estonia, Latvia, and Lithuania are engaged in joint efforts to ensure the strengthening of the Baltic region's security and defence and the development of the energy market and transport infrastructure regardless of challenges posed by the pandemic. The regional gas market and the project of synchronization of power networks have been implemented. In the territorial dimension, a Real Baltic, which is a major infrastructure project, is vital in the post-crisis recovery, passenger mobility, supply chain management, as well as the process of digitalization and innovation promotion in line with the European Green Deal.

However, European superpowers still are in a better position than the Baltics due to more massive healthcare spending, a wider existing safety net, and more impressive additional fiscal stimulus. Public health remains the main priority for close cooperation between countries and is vital to ensure public health protection.

A Complex Concept of “Health for all and in all policies”

Health is “priceless”; yet achieving and maintaining the best health possible for individuals and the population is costly and requires a considerable workforce. However, it is increasingly recognised that health is a significant contributor to nations' “wealth.” Furthermore, in recent years it has become generally acknowledged that health is a much more complex concept than the absence of disease; health is seen as a strong

⁴¹ Ministry of Economics of Latvia, Government approves establishment of alternative investment fund to support enterprises affected by Covid-19 – Ministry of Economics, 2020. <https://www.em.gov.lv/en/news/28479-government-approves-establishment-of-alternative-investment-fund-to-support-enterprises-affected-by-covid-19> (access 10.11.2020).

predictor of economic growth. The idea of Health for All and Health in all Policies (HiAP) emerged in the 1970s–1980s. In 1981, Dr. Haldan Mahler, Director General (1973–1983) of the WHO, defined the essential elements of the concept as follows: “Health For All implies the removal of the obstacles to health – quite as much as it does the lack of doctors, hospital beds, drugs and vaccines”.⁴²

Health in All Policies (HiAP) was formally legitimated as an EU approach in 2006. It resulted from more long-term efforts to enhance action on considering the health and health policy implications of other policies and the recognition that European-level policies affect health systems and scope for health-related regulation at the national level. However, the implementation of HiAP has remained a challenge. European-level efforts to use health impact assessment to benefit public health and health systems have not become strengthened by the new procedures. As a result of the Lisbon Treaty, European-level policymaking is expected to become more important in shaping national policies. HiAP has, at the European level, remained mostly as rhetoric but legitimates health arguments and provides policy space for health articulation within EU policymaking. HiAP is a broader approach than health impact assessment and, at the European level, requires the consideration of mechanisms that recognise the nature of European policymaking.⁴³

“While the «Health in all policies (HiAP)» concept (by excellence an interdisciplinary approach) and the urgent need for its implementation is now widely recognized, its real implementation at all government levels is lagging behind”.⁴⁴ As a result, the public health area of human endeavour, has been in urgent need of reform for several decades.

The new European Policy for Health – Health 2020, and the European Action Plan for Strengthening Public Health was adopted by the 53 Member States of the Region during the sixty-second session of the WHO Regional Committee for Europe in September 2012.⁴⁵

⁴² H. Mahler, *The Meaning of “Health for All by the Year 2000”*, “American Journal of Public Health”, no. 106(1)/2016, pp. 36–38, DOI:10.2105/ajph.2016.106136.

⁴³ M. Koivusalo, *The state of Health in All policies (HiAP) in the European Union: potential and pitfalls*, “Journal of Epidemiology & Community Health”, no. 64(6)/2010, pp. 500–503, DOI:10.1136/jech.2009.102020 (access 10.11.2020).

⁴⁴ A. Berlin, *Interdisciplinarity as an Increasingly Implied and Applied Concept*, in: *Interdisciplinarity in Social Sciences: Does It Provide Answers to Current Challenges in Higher Education and Research?*, eds. T. Muravska, Ž. Ozoliņa, University of Latvia Press, 2011, p. 136, https://www.apgads.lu.lv/fileadmin/user_upload/lu_portal/apgads/PDF/Book_Interdisciplinarity.pdf (access 10.11.2020).

⁴⁵ WHO, *About Health 2020*, October 7, 2020, <https://www.euro.who.int/en/health-topics/health-policy/health-2020-the-european-policy-for-health-and-well-being/about-health-2020> (access 10.11.2020).

The current COVID-19 health crisis worsened and highlighted the EU's vulnerability to global challenges and turbulence. There is an imperative need to maintain the long-term goals of health policies and research responding to economic and social difficulties. Moreover, the crisis requires an improvement in the resilience, well-being and mental health of the population and the mitigation of health inequalities during and after pandemics. The globally interconnected nature of health and the cross-and-trans-disciplinary nature of health research is implemented within the European Research and Innovation Framework. A facilitated global research collaboration through Horizon Europe could ensure that Global Health innovations and solutions benefit all parts of the world, including EU countries.⁴⁶

As the crisis has shown, there is growing confidence that reforms of health systems and an increase of European Community competence in, for example, tackling cross-border health threats and strengthening health systems and healthcare workforce. Several instruments are suggested by the EC jointly supported by the MS. The most prominent investment is €9.4 billion from the EU's next long-term budget in the EU4Health programme; this is 23 times more than health funding for 2014–2020.⁴⁷ The programme will be launched in 2021 and will strengthen national systems by funding initiatives such as tailor-made support and advice to countries, and training for healthcare professionals for deployment across the EU. Additionally, further investment in health will be provided through other EU programmes, including the European regional development and cohesion funds for medical infrastructure, Horizon Europe for health research and innovation, the Digital Europe programme, the European Social Fund, and the rescEU-EU emergency response. A particular focus of these EU programmes is on vulnerable groups.⁴⁸

Furthermore, to support the harmonization of actions, the EU will create a common reserve of medical equipment, which is the first-ever common European stockpile of emergency medical equipment made un-

⁴⁶ European Commission, On Establishing the Specific Programme Implementing Horizon Europe- the Framework Programme for Research and Innovation, 2018, https://ec.europa.eu/commission/sites/beta-political/files/budget-may2018-horizon-europe-decision_en.pdf (access 10.11.2020).

⁴⁷ European Commission, Opening Remarks by Commissioner Kyriakides at the Press Conference on the EU4Health Programme, 2020, https://ec.europa.eu/commission/presscorner/detail/en/speech_20_965 (access 10.11.2020).

⁴⁸ European Civil Protection and Humanitarian Aid Operations – European Commission, EU budget for recovery: €2 billion to reinforce rescEU direct crisis response tools, 2020, https://ec.europa.eu/echo/news/eu-budget-recovery-2-billion-reinforce-resceu-direct-crisis-response-tools_en (access 10.11.2020).

der the rescEU-EU emergency response to help fill the lack of resources which the many Member States lacked while struggling in the face of the spread of the pandemic in Europe. The EC will finance 90% of the reservation cost, assigning the European Emergency response Coordination Centre to manage the equipment's distribution. According to estimates, the initial EU budget for this reserve is 50 million euros.⁴⁹

The efficiency and resilience of national public health systems will be improved with their further harmonization based on the “one health approach” methodology. Investment in disease prevention programmes is foreseen in all MS. As a result of the joint efforts of the MS, national health systems become more efficient and resilient.

The above initiatives at the EU level could lead to a more harmonized approach to public health and healthcare policies among MS and the stronger role of the EU and increase its competence in the long-term.

Health, as a human capital ingredient, is especially relevant for sustained economic development and social cohesion. These two political objectives figure now prominently on the EU agenda and play a central role in the European Union's Social and Cohesion policies.

The Canadian Approach

Admittedly, a conceptually similar approach has been adopted by Western governments in various geographies and designed to ensure that people have food on the table and keep a roof over their heads. For Canada, the pandemic resulted in a recession in the first quarter of 2020, with national GDP falling unprecedentedly, by 11.6% in April of that year. It had been preceded with, as per C.D. Howe Institute's Business Cycle Council definition, “a pronounced, persistent, and pervasive decline in aggregate economic activity,” with GDP and employment as its main metrics.⁵⁰

Thirty percent of the workforce or 5.5 million Canadians either lost their jobs or saw their working hours significantly reduced over March and April, with expected economy contraction of 6.8% in 2020, its sharp-

⁴⁹ European Commission, COVID-19: Commission creates first ever rescEU stockpile of medical equipment, https://ec.europa.eu/commission/presscorner/detail/en/ip_20_476 (access 10.11.2020).

⁵⁰ J. Gordon, K. Johnson, *Canada GDP likely to rise 3% in May on gradual reopening*, Reuters, 2020. <https://www.reuters.com/article/us-canada-economy-gdp/canada-gdp-likely-to-rise-3-in-may-on-gradual-reopening-idUSKBN241217> (access 10.11.2020); C.D. Howe Institute's Business Cycle Council. *Canada Entered Recession in First Quarter of 2020*: C.D. Howe Institute Business Cycle Council. C.D. Howe Institute. 2020, <https://www.cdhowe.org/council-reports/canada-entered-recession-first-quarter-2020-cd-howe-institute-business-cycle-council> (access 10.11.2020).

est drop since the Great Depression, before rebounding by 5.5% in 2021, according to the official forecast.⁵¹

Canada's government has taken decisive actions to address the crisis, drawing up a historical plan of emergency support measures, with spending levels not seen since World War II. The federal government expected the deficit to hit C\$343 billion (US\$257 billion) in 2020 due to pandemic-related support programs. The government rejected the subsequent criticism, stressing the primary goal of the anti-crisis expenditures: the protection of the health and economic well-being of the nation, with policymakers' inaction fraught with the risk of loss of millions of jobs while "putting the burden of debt onto families and jeopardizing Canada's resilience".⁵² Notably, Canada's economic response plan, representing nearly 14% of GDP, included more than \$230 billion in measures to protect the health and safety of Canadians and provide direct support to citizens and employers, and up to \$85 billion in tax and customs duty payment deferrals to meet the liquidity needs of households and entrepreneurs. However, upon recovery from COVID-19, Canada was expected to maintain its low debt advantage among the G7 countries. As a result of the government's handling of the pandemic, the popularity of governing parties across Canada skyrocketed, including Trudeau's federal Liberals, which enjoyed a boost in support; the biggest seen for a minority government since the 1950s.⁵³

The EU's way of interacting with its Member States can be compared with the Canadian federal-provincial collaboration model, wherein locally elected governments exercise significant autonomy in policymaking. That was once again illustrated by the counter-crisis measures, with Ottawa taking the lead in distributing federal money while provincial governments follow their own scenarios in tackling the spread of the coronavirus and multi-speed reopening, taking local circumstances, business needs and community interests into policy considerations. For instance, the government of Ontario introduced legislation to freeze residential rent increases in 2021 only in September 2020, while the government of British Columbia banned rent increases back in March with the onset of

⁵¹ Government of Canada, Overview of Canada's COVID-19 Economic Response Plan, July 15, 2020, <https://www.canada.ca/en/department-finance/services/publications/economic-fiscal-snapshot/overview-economic-response-plan.html> (access 10.11.2020).

⁵² J.P. Tasker, *Ottawa to post \$343B deficit as spending hits levels not seen since Second World War*, CBC, 2020, <https://www.cbc.ca/news/politics/bill-morneau-fiscal-update-budget-deficit-1.5641864> (access 10.11.2020).

⁵³ É. Grenier, *Boost in support for Liberals the biggest for a minority government in 60 years*, CBC, 2020, <https://www.cbc.ca/news/politics/boost-in-support-for-liberals-the-biggest-for-a-minority-government-in-60-years-1.5633289> (access 10.11.2020).

lockdown, and announced that it would extend the freeze until July 10, 2021. The government of Québec has lifted restrictions for the majority of its elementary school students which had been in place since the beginning of May; at the same time the government of New Brunswick kept schools closed until September. While all provinces mandated the use of face masks in public areas, Alberta remained the sole province not to require them as of November.⁵⁴

The similarity between the approaches to tackling the crisis invites broader comparison, including in the scope and essentiality of multilateral cooperation, both regional and international. For relatively small or midsize open economies like Canada's and those in some EU MS, international collaboration is of vital importance; it will be economically essential to remain open and interlinked with the global economy and cooperate in the framework of partnership agreements with close allies, for instance, the Canada-European Union Comprehensive Economic and Trade Agreement (CETA). The latter has played an important role in paving the way for a post-pandemic economic recovery, notably by keeping essential medical supply chains open and, ultimately, reopening the EU's borders to citizens from 15 non-EU countries, including Canada, but excluding the US.⁵⁵

The crisis's depth and nature imply that there will be many structural changes, and the world's approach to economic development will be corrected over time to "a new normal." The crisis could generate an impetus towards more sustainable and socially-oriented economies. However, many governments will be unable to shape the global environment individually but rather rely on cross-border trade, international trade and investment. Finally, the global nature of the crisis requires international cooperation which, if maintained, can help in addressing other global concerns, such as climate change.

⁵⁴ A. Boutilier, *Ottawa sending \$19B to provinces for COVID-19 aid*, Toronto Star, 2020, <https://www.thestar.com/politics/federal/2020/07/16/ottawa-sending-19b-to-provinces-for-covid-19-aid.html> (access 10.11.2020); M. Tetreault, *COVID-19: Recovery and Re-opening Tracker*, McCarthy Tétrault, 2020, <https://www.mccarthy.ca/en/insights/articles/covid-19-recovery-and-re-opening-tracker> (access 10.11.2020); B. Cousins, M. MacLeod, *Alberta is the sole province without a mask mandate*, CTV News, 2020, <https://www.ctvnews.ca/health/coronavirus/alberta-is-the-sole-province-without-a-mask-mandate-1.5197577> (access 10.11.2020).

⁵⁵ The Canadian Press, *European Union to rally Canada, allies to help WHO after U.S. halts funding*, Global News, 25 Apr., 2020, <https://globalnews.ca/news/6867771/eu-who-funding-canada/>; The Associated Press, *Canadians to be allowed into EU countries, but U.S. citizens shut out*, CBC, 2020, <https://www.cbc.ca/news/world/european-union-travel-list-1.5632422> (access 10.11.2020).

Conclusions

Countries worldwide find themselves in a new setting, which faces multifaceted challenges of a unique COVID-19 global mixed crisis. The impacts on the health-related, social, economic and political systems, however, depend on the positions of the different countries in the geopolitical framework, political and economic interdependences, and especially, the actions of governments that pursue nationalist economic policies.

The health crisis and the unprecedented economic collapse in the West, compared with the anti-pandemic responses in the East, have cast doubt on the ability of neoliberal, austerity-driven political models to perform the most basic functions of governance; to protect lives and secure livelihoods. Conceptually conflicting solutions for those crises reflect a profound shift in policymaking, reinforcing state interventions vs the neoliberal approach. The uniqueness of the current situation is that it highlights the contradictions that capitalism creates which have not been solved by the Western welfare models and their social policies.

The crisis has put the achievements of European integration, cohesion and solidarity, and EU-Canada transatlantic partnership at risk. A stable economy is essential for Western countries and is a crucial part of the EU's role in the changing world. The need to reassess the role of the government and good governance is discussed at all levels. The crisis has highlighted solidarity as one of the fundamentals of European integration. Without solidarity and a strong state capacity, there can be no health policy and adequate social support for the people. As the crisis has shown, there is growing confidence that upcoming reforms of health systems and social support could increase European Community competence in related policies. It is assumed that building a sustained economic recovery in the EU will require an unprecedented level of political and cooperation among governments, businesses, and individuals. The same trend could be observed in similar political, social, and economic settings across the Atlantic, namely in Canada at the federal and provincial levels. "Whatever it takes" is the motto to preserve lives and reduce economic decline. A transition to another growth model corresponding to "a new normality" has to be developed and aimed at public services, everyday goods, and solidarity in the heart of the economy and social policies.

The 2020 crisis has provided an opportunity to assess public policies' resilience and an urgent need to build the institutions and capacity necessary to formulate and implement sound policies. The above-indicated aspects are subject to further intense trans-disciplinary research. The re-

sults could show to policymakers which government interventions (and to what extent) have been most successful in controlling the epidemiological dynamics and socio-economic losses.

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