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European Integration after Covid-19

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The Covid-19 pandemic and the mass lockdowns which have followed it will certainly have severe impacts on the whole world, some of which we are already seeing today. European Union member states have had some of the most severe health consequences so far and are also predicted to be the most impacted by the ongoing economic crisis. What is more, the European project as a whole will undergo significant change as the Union takes, or fails to take, steps to help its member states and citizens. This paper will aim to predict some of the most drastic effects of the pandemic on European integration and propose specific measures which could help the European Union come out of this crisis more united and better prepared to tackle the challenges of the post-Covid world. It will be divided in four parts, focusing respectively on the economic, political, defence, and labour market consequences of the pandemic. In each part, two or three key issues will be identified and analysed, and, where appropriate, concrete measures will be recommended to make the European Union more capable of dealing with the problems caused by the pandemic and better prepared for similar future circumstances.

Economic consequences

The Covid pandemic is expected to have dire consequences for the global economy, including an immense decrease in the productivity of all EU members. The most recent projections of the IMF predict a GDP contraction of 7.1% for the EU and 7.5% for the Eurozone (April 6th) (IMF, 2020) while a month later, May 6th, the EU predicted slightly more pessimistic numbers – decreases of 7.4% and 7.7% respectively. (EC, 2020) Yet another month later, on June 4th, the ECB predicted a larger economic crisis still – its forecast sees an 8.7% decrease in the Eurozone GDP¹, which could be even bigger in the case of a second peak of the virus. (ECB, 2020) In this context, the measures taken by European institutions, namely the relaxation of domestic fiscal rules to remove potential obstacles in countries' individual efforts to deal with the crisis, alongside the strong asset purchase programme of the ECB and the proposed €750 billion Next Generation EU (NG EU) plan of the Commission can be seen as sensible approaches to dealing with a common European problem. Still, while the former has been largely accepted without controversy, the latter two have been accompanied by extensive discussions, contested interpretation from public figures and, in the case of the ECB, an ill-timed European constitutional crisis of sorts, caused by the German constitutional court. As such, these two measures and the complex context around them deserve to be studied carefully in order to evaluate their impact on European integration.

The Next Generation EU proposal is the final, for now, result of a long line of calls for commonisation of debt of EU member states as a way to provide a cheaper way to borrow for the countries which were hit hardest during the European debt crisis a decade ago. Originally proposed in the form of the so-called Eurobonds, this idea was introduced again in the form of Coronabonds earlier this year and became partially integrated in the NG EU plan which is indeed proposed to be financed through the issuing of common EU bonds, effectively jointly guaranteed by all member states and to be repaid jointly. It should be noted that while this step has been hailed by many as a leap towards a European fiscal union, this is not the first time that the EU itself has acted as a borrower by issuing common bonds – it has currently

¹ Note that the ECB projection is adjusted for the number of working days per year; the EC and IMF are not.

borrowed €52b in such a way. (Ashworth, 2020) While the proposed plan is evidently much more ambitious in its scale, it is also a strictly one-off event, as insisted by the “frugal four” of Austria, Sweden, the Netherlands, and Denmark. Of course, such a label could easily be forgotten in the future and an incurrence of common debt on this scale is undoubtedly going to make it easier to resort to similar measures in a future situation which might call for them, however, it is premature to think that this (currently) one-off step will lead to a European fiscal union in the near future. Still, this proposal is significant for European integration in a couple of ways, in addition to the increase in fiscal integration that it represents.

First, it is important to note how NG EU debt will be repaid. In her official address, von der Leyen suggested three ways of financing – expanding the EU’s Emissions Trading System, the introduction of a new digital tax, and/or a carbon border tax. It should be noted that these are not new ideas and have already been under discussion in the recent past. (Rose, 2020; Ekblom & Guarascio, 2019) Another tax has been proposed in the documentation, in the form of a levy on businesses with a global revenue of over €750b as a payment for the benefit of the single market, however, there has been little insight offered so far on its details. (Smith-Meyer, 2020) In any case, it is notable that the EC is proposing to finance this plan through “own resources”. Such measures represent an undoubted increase in European integration and, while joint borrowing is supposed to be a one-off, there is no reason why such ways of generating EU resources could not be used and even expanded in the future. What is more, a “single market tax” as the one proposed could be a valid answer to the issue raised by MEP and budget committee member Clotilde Armand, who argued that while newer member states are net beneficiaries from EU funds (with the V4 members receiving funds to the amount of 2% to 4% of their GDP), they also have an outflow of property incomes and profits of twice that amount which is leaving towards the west. (Armand, 2020) As such, a European tax targeting the biggest companies benefitting from the single market could effectively serve to compensate for some of this outflow. The second reason why the NG EU plan could be an important milestone for European integration is that it shows a shift in the fiscal attitudes within the EU. In recent years the frugal bloc has sustained two significant losses: first, when the UK finally left the Union and now, as Germany has turned away from its typical fiscal conservatism. This has left only the four smaller members of the frugal coalition and, while they are far from incapable of defending their interests, a Franco-German proposal with wide support from other member states will be difficult for them alone to stop. What is more, the following announcement of the German government for its ambitious €130b domestic plan signals that its support for a robust EU stimulus is not just a one-off step away from frugality but rather a change in the government’s own fiscal views which is likely to endure. Of course, the NG EU plan should not yet be considered a done deal. The frugal four have not given their support, Hungary has labelled it “absurd” (Bayer, 2020) and several states are not happy with the metrics used to determine fund distribution. (Khan, 2020) While it is unlikely that the plan will be scrapped altogether at this point, a long negotiation process probably lies ahead and nobody knows in what shape Next Generation EU will come out on the other side. Still, at the very least it shows a shift in the EU’s prospects for developing robust fiscal measures in the future.

Alongside the NG EU plan, another European measure has been implemented to help speed up the economic recovery – the ECB’s quantitative easing (QE) programme, Pandemic Emergency Purchase Programme (PEPP), which was announced in March and expanded from €750b to €1.35t in early June. (Arnold, 2020) Such a measure has already been used in the past and its implementation in this crisis is neither surprising, nor hugely significant for further European integration, however, the mechanism of quantitative easing, alongside the ECB and

the ECJ have come under legal attack from the highest court of Germany. The case, initially brought to the domestic court by a number of German economists and law professors in 2015 to ask about the legality of the ECB's QE programme of 2014, was referred to the ECJ which in 2018 found that the ECB had not overstepped its mandate. (Arnold & Khan, 2020) The German constitutional court took the case back and, while its (now former) president said that it could only disregard the ECJ ruling if it was found to be "arbitrary and gravely unreasonable", (*ibid.*) this is exactly what it found in May 2020, as it ruled that the ECB had overstepped its mandate by not considering the economic consequences of its QE programme, in terms of lower interest rates which allow economically unviable companies to stay on the market and hurt savers; still, the court gave a three-month window to receive proof that the ECB did indeed calculate these outcomes when designing its measures. (Sandbu, 2020)

While this verdict is not directly related to the ECB's current QE programme, the court's ruling states that if the required justification is not delivered until the deadline the Bundesbank will no longer be allowed to participate in the ECB's QE programmes which would be unfortunate for Germany and a shock for the ECB and the European project as a whole. Of course, for this reason such an outcome is extremely unlikely and a number of solutions are being considered. The bigger concern with this ruling is that it has undermined the complicated legal system of the EU, in which adopting treaty revisions requires unanimity and is therefore extremely difficult, leading to the more practical solution of stretching established legal frameworks to their limits via legal tricks backed by political will. What is more, the fact itself that a national court has ruled that the ECJ's decision on how to interpret the ECB's behaviour was beyond the power of the ECJ and has decided to take over its role in interpreting EU law could pose lasting problems for the Union even if the case is resolved successfully, as it would open the door for other members' courts to interpret EU law in accordance with their own views and interests. While solutions have been floated which could help bridge the gap between the European and national level indirectly, either with the Bundesbank providing the assessment required by the court in Karlsruhe on behalf of the ECB or with the ECB publishing this assessment on the request of MEP Sven Simon and thus making it available to the German court as well, resolving this court case will not, by itself, repair the damage that has been done to the EU's legal order and the practice of stretching legal interpretations to circumvent the difficult treaty revision process. Either the Union will have to find a way to make the expansion of its legal framework easier than its stretching through clever interpretation or it will have to remain constrained by questionable justifications of its actions and a number of national courts emboldened to pose such difficult questions.

Political Consequences

In addition to its economic impact, the Covid-19 pandemic has undoubtedly had a political effect on the European Union in a number of ways. It has changed many European citizens' perception of the Union itself as having a positive or negative influence on their country, as well as their views on their domestic political landscape.

A number of opinion polls have shown concerning shifts in support for the European project, especially in Italy – the hardest hit country. According to surveys from Tecne, 67% of Italians view their European membership as a disadvantage for Italy (March), up from 47% in 2018; (Johnson, Fleming, & Chazan, 2020) and there would be a nearly equal divide in the case of a hypothetical referendum for leaving the EU – 44% in favour, 42% against, compared to 65% and 26% respectively in 2018. (Balmer, 2020) British polling agency Redfield & Wilton show similar numbers – 35% support for an exit referendum versus 47% against, and 41% considering EU membership as *negative* versus 31% *neutral* and 23% *positive* as of May 2020.

(R&W, 2020) This trend of rising Euroscepticism is very worrying, especially in a country which is a founding member of the project. It is surely based on two main factors, one being the aid which the European Union will provide for the country's economy and the other being the EU's immediate reaction to the healthcare crisis in Italy. While the former is, as mentioned, still under discussion and its final impact on the country's support for the Union is difficult to measure before at least negotiations of the economic aid are completed, the latter has largely been settled – the pandemic hit Italy first and, according to Italians, the European Union left its member to deal with this crisis alone. More specifically, opinion polls show that in March 61% of Italians believed that the EU had not helped their country in the healthcare crisis, while only 24% thought the opposite. (R&W, 2020) To some extent, the people are right to feel this way as the European Union did indeed demonstrate a disturbing lack of coordination when it became known that the virus was rapidly spreading throughout Europe. Not only did individual member states not help each other at first but they took measures rapidly on their own, with little consideration of how they are impacting their neighbours and the Union as a whole – leading, for example, to a number of clogged up borders and stranded transportation and passenger vehicles throughout Europe, as well as blocked seasonal workers in key sectors of the economy. (Alderman, Eddy, & Tsang, 2020) There is no doubt that this is partly a flop of the European Union, as it failed to act as a platform for coordination. Such an act likely would have resulted in a considerable increase of public support for the European project from the so called “rally around the flag effect”. The EU needs to draw a lesson from this and think about how to prevent being caught off guard in future crises for which coordination between its member states is crucial. Reaction plans have to be formulated on how to coordinate the actions of individual member states in various hypothetical crises, natural or man-made, which impact a multitude of or all of its members in order to ensure the mutual compatibility of countries' measures. This could be achieved by establishing a small European body of experts whose task is to evaluate potential future European crises, prepare contingency plans for their resolution, both in terms of optimal mechanism for cooperation at the European level and recommendations for action at the national level, and update those plans periodically as context changes. With such an approach, the European Union could have more productive role if, or when, another crisis hits a number of member states, and could come out of the crisis with increased public support instead of questions about its added value.

At the same time, it would be inaccurate to consider that the public opinion on European integration is influenced directly, and only, by the actions of the European Union itself. Already decades ago scholars argued that there are multiple layers composing society's view on any given political topic. Specifically, they have claimed that the public reaction to a certain phenomenon, such as European integration, is not only based on the objective characteristics and impact of the phenomenon but also, as a second layer, on the popular construction of that phenomenon (which has been built through the biased presentation of the phenomenon in the public discourse) and, as a third layer, the use of that phenomenon as a tool for achieving political goals. (Hay & Rosamond, 2002) Following this theory, the change in support for European integration during this pandemic is not only based on the actions of the EU but also on how those actions were presented to the domestic audiences and how they were used by politicians as tools to achieve their own political goals. Such an understanding can also be supported by the fact that on March 22nd, when Italians largely shared the view, 61% versus 26%, that the EU had not helped with the health crisis, the Spanish had a radically different perception – 43% considered that the EU had in fact helped with the crisis while only 34% thought the opposite. (R&W, 2020) Such a drastic difference between the perceptions of the two nations, despite their countries being at a similar point of the crisis and the EU largely

acting in the same way towards them at the time, should be interpreted as at least partially due to the different domestic presentation of the EU's actions, especially as two of the three most trusted politicians in Italy at the time (and still today) were hard eurosceptics Giorgia Meloni and Matteo Salvini, (EWG, 2020) meaning that a negative interpretation of the EU's efforts would have been consistently and strongly present in the public discourse. The EU is in a particularly bad position to defend itself against accusations that it is taking advantage of its member states and not acting in their best interest for two main reasons. First, it does indeed have a certain amount of authority over its members, meaning that, unlike foreign powers such as the USA and China, it could much more easily take actions which can be considered as an infringement of a member's sovereignty; of course, this is not to say that it does so in reality. Second, unlike a national government, the EU does not have any (popular) channels through which to present its own actions to any given domestic audience. While national governments and political figures are constantly given the opportunity to explain their actions to their publics, such a privilege is not available to the EU which instead has to address the European audience as a whole and rely on national ministers, MPs and MEPs and commentators to give more domestically-focused explanations on what is being done and why, adding another layer of distance and potential bias between the public and the authority, and allowing the spread of very inaccurate presentations of European policies, which the Union is unable to rebut directly. What is more, the EU has so far failed to tackle this issue through modern platforms such as Twitter and Facebook – while the French government, for example, is reaching out to over 800 000 followers, the European Parliament, which appears to be the only European body to have individual accounts for every member state, has just under 100 000 followers in France. It is evident that in today's political landscape, attribution of blame without regard for reality is becoming increasingly common and that the European Union is a particularly vulnerable target to such strategies as it has the authority to be constructed as a credible threat to national sovereignty, even if such a characterisation is completely inaccurate, and is not in a position to defend itself directly from attacks at the national level, paving the way for often unfounded but successful attacks on the European project and on further integration. This is a key problem which has to be addressed by a two-pronged strategy.

Firstly, unfounded accusations need to be limited or at least labelled as such, in order to decrease their influence on the public. The rise of post-truth politics have also led to the rise of the fact-checking industry as a way to combat issues of distorted representations of reality for political gain. Fact-checking bodies have been spreading around the world – the global number of such agencies has increased from 44 in 2014 (Stencel, 2019) to over 200 as of 2020. (DRL, 2020) Still, their reach is distributed highly unevenly throughout the EU, as a number of countries are still lacking such bodies, including Finland, Estonia, Bulgaria and Slovenia. (*ibid.*) What is more, there is currently little regulation requiring their use – they are instead implemented voluntarily which has led to discussions on the topic being led by tech companies. Twitter and Facebook recently took opposing stances on whether they, as platforms which serve for distribution of information, have a duty to label or even remove harmful and/or deceptive information. Considering that such decisions have proven to have a profound impact on politics, they should not be left to private actors. Instead, the European Union should aim to increase the use of fact-checking agencies, either incorporated in individual providers of information or centralised on a national, or even European, level. While this is a difficult issue to regulate, as it poses a number of philosophical and practical questions, the enormous impact that the increasing diffusion of false information about the European project has had on the public support for further integration has demonstrated that it is necessary to take action. Alongside this measure, which would aim to limit the spread of false information, a second one

needs to be implemented in order to increase the ability of the European Union to reach domestic audiences directly. This would be easy to achieve through social media platforms such as Twitter and Facebook, following the example of the European Parliament and its multiple accounts for each individual state. Similar accounts could be set up to serve as press secretariats of the other European bodies in front of domestic audiences and, crucially, their visibility has to be greatly expanded as the current reach of these national EP accounts is far too limited to have any tangible impact. Of course, relying only on digital platforms is not enough as it would fail to reach a considerable portion of the audience. The EU should also consider ways to reach domestic audiences directly through traditional channels such as television, radio and print media with messages tailored to their member state. It is not enough to read a statement from Ursula von der Leyen explaining why an EU policy is important for the Union as a whole, there needs to be a national EU press officer who can provide information on the value of EU policy for that specific member state, and his or her voice has to be spread as broadly as those of the domestic politicians and commentators who currently serve as points of contact between the European Union and its domestic audiences. With these two measures in place, to limit the spread of false information and to give European authorities a direct channel to their citizens, the issue of purposeful misrepresentation of the EU's actions could be limited and public opinion of the European Union can be based more strongly on reality than on dishonest fictions.

The Covid pandemic has also had a significant effect on the domestic political landscape of a number of states. Perhaps most important with regard to European integration are the recent developments in Poland, the Netherlands, and Russia. With the Polish presidential election almost here, to be held on June 28, opinion polls are displaying a large decline of support for the incumbent Andrzej Duda from PiS which has opened up the possibility for either of his two biggest rivals to win a second round, with both scenarios currently predicted to go 51-49 in favour of Duda. (Politico, 2020) Such an outcome would reduce the power of PiS which has held both the presidential position and a majority in parliament since 2015. What is more, an opposition president could prove to be a valuable check to the government which has gained infamy through its fights with the EU over actions which are allegedly undermining rule of law in Poland. The crisis has also had a drastic impact on the projected outcome of the next Dutch general election. The leading party has gained a great amount of support in the last months, currently standing at an unprecedented 37% of projected votes, up from 21% in mid-February. (*ibid.*) The increase has come at the expense of the two hard eurosceptic parties – PVV and FvD – which have lost 3% and 5% respectively, as well as the soft eurosceptic pensioners' party, whose support has dropped from 10% to practically zero. (*ibid.*) While there is still plenty of time for the public opinion to shift until March next year, this development provides some relief compared to the start of the year when it looked like the three parties could get almost half of the votes at the next election. Finally, the crisis has also impacted the public support for Vladimir Putin although it is difficult to know by how much, as polling agencies offer somewhat different findings. In an open ended question asking respondents to list which politicians they trust, support for Putin has fallen from 30.6% to 27.6% between January and May according to one agency, (ВЦИОМ, 2020) while another finds a starker drop from 35% to 25% over the same period. (Левада, 2020) Both agencies agree that this is part of a long-term trend as Putin's support has been falling for years although the pandemic has helped push it back down to pre-Crimean levels. (*ibid.*) The long-term economic crisis caused both by Covid and the low prices of oil is likely to keep the leader's ratings low which poses questions on how the legislative elections in 2021 could turn out, especially as polls show that his party's popularity has been declining alongside his own, and whether we can expect a more aggressive

Russian foreign policy considering the immense growth in public support for Putin and his party which followed the attempted annexation of Crimea.

Defence

Defence is another area which will be strongly impacted by the economic crisis, as it was after the 2007 crisis. During the 2008-2012 period almost all EU members cut their defence budget substantially, with smaller states decreasing it by up to 30% and larger ones by around 8% to 10%. The overall cuts stood at 11% or €24b. (Becker, Mölling, & Schütz, 2020) What is more, those cuts strongly affected EU programmes aimed at defence R&D and at coordination of the armed forces of MSs; the latter was further exacerbated by European countries' individualistic approaches to reducing domestic defence spending, which resulted in armed forces which were not only individually weakened but also poorly aligned with one another, as well as more reliant on foreign military technology as a result of their own reduced R&D budgets. (Fiott, et al., 2020) In recent years there has been a renewed movement to strengthen European defence cooperation, including calls for an eventual "true European army" from France and Germany. (Bennhold & Erlanger, 2018) Tangible progress has been made with the establishment of a number of EU defence initiatives following the European Defence Action Plan launched in 2016, including the vital European Defence Fund (EDF) which aims to fund collaborative defence research projects at the EU level as part of a dedicated EU programme in the post-2020 MFF. (EC, 2016) In addition, funding was to be set aside for "military mobility" in order to remove infrastructural and administrative obstacles for the transportation of military equipment throughout the EU. (Deen & Kruijver, 2020) However, both of these programmes have seen drastic reductions to their budgets – while in June 2018 the EC called for €13b for EDF and another €6.5b for mobility (EC, 2018), the new MFF would see these numbers reduced to €8b and €1.5b respectively.² (EC, 2020)

To understand the programmes and evaluate the need for them, it is important to consider the context in which they were proposed and will be implemented. The rising aggression of Russia and increasing military (alongside economic and diplomatic) capacity of China have signalled the need for a credible deterrent to protect the EU's members. What is more, the future of US foreign policy and, by extension, NATO is unknown. Surveys show that twice as many Americans want to see the US defence budget decrease as want to see it go up (Hannah & Gray, 2019) and only half of Americans want the US to engage militarily in case that Russia invades a Baltic country. (Hannah, 2019) On top of this, there is a strong divide on these questions among Democrats and Republicans, contributing to the uncertainty of what the foreign policy of the US will bring in 2021, after a potential change of leadership and a severe economic crisis. As such, it is apparent that European countries have to increase their own capacity to act as a deterrent. A number of measures can be taken in this direction. First, if (when) members cut their defence budgets, they should do so in coordination. This could happen at the EU level by discussing the roles of individual countries in hypothetical defence scenarios and designing cuts which allow them to fill those roles, ensuring that even if member's capacities are reduced they remain complementary and able to cover each other's gaps. Second, funding for R&D, i.e. EDF, should be increased. This would have several benefits – it will provide benefits in the form of job creation and, more importantly, will make the EU less dependent on foreign technology for its own defence. What is more, in the long term it will

² It should be noted that the new MFF represents a marginal increase from previous proposals. The latest one, from 21.02.2020 saw the EDF at €7b and removed military mobility from the budget. (Deen & Kruijver, 2020)

lead to financial savings, increase the capacity of the EU to export defence solutions, and make coordination among members' military forces much easier. Third, funding for mobility should also be increased. As it stands, the planned €1.5b is 0.13% of the new MFF, while it serves two key roles. On the one hand, a timely defence response is dependent not just on military capacity but also on logistics, which should be discussed and ensured at the EU level. On the other hand, improved mobility in times of emergency is beneficial not only in cases of military threats but also, for example, for the urgent deployment of medical supplies and personnel, including in possible future pandemics. With the implementation of such measures, European states can minimise the impact of potential defence budget cuts at the state level by compensating with a coordinated plan which ensures their complementary with each other; reducing their reliance on foreign military aid and defence technologies; boosting their own capacity as defence tech suppliers; and improving logistics for future cooperation during emergencies, both military and other.

Labour Market – Increased worker mobility

The COVID pandemic could also have a considerable impact on the EU labour market, as a result of the trend it is setting for working from home. Many companies, such as Google, have already announced that they will be extending the possibility for workers to remain out of the office at least until the end of the year (Gartenberg, 2020) while others, such as Twitter, have gone further, giving employees the choice to continue working from home indefinitely. (Paul, 2020) Mark Zuckerberg recently suggested that within the next few years up to half of the workforce of Facebook could work remotely (Fung, 2020) and experts widely agree that this trend is here to stay. (Loten, 2020) What is more, it is not limited neither to the North American region, nor to the software industry. The same shift has been noticed in China (Bradshaw & McMorrow, 2020) as well as in Europe, as Groupe PSA (comprising of Peugeot, Citroën and Opel) have said it will aim to redesign the work experience of its non-production employees to enable all of them to work remotely after the pandemic, underlining that a similar trend was already in place before, as employees who (occasionally) worked from home went up from 2 500 in 2016 to 18 000 in 2019. (PSA, 2020) A broader survey of the CFOs of 288 big US companies in various sectors, both private and public, found that over 25% are planning to reduce their office space and close to 50% are planning to make remote work a permanent option for the roles which allow it. (PwC, 2020) It is a common phenomenon for workers to migrate within the EU, especially from its newer members, which tend to have lower economic standards, towards the older and richer ones. In fact, such brain drain has been labelled as a significant EU problem. (Armand, 2020; Arak, 2020) However, with the rise of remote working it is possible to imagine, in the medium and long term, a movement of workers in the other direction, as well as increased interest from Western European, and even foreign, companies in the highly-skilled lower-cost workers of CEE states.

There have been a number of arguments against distance work, usually focused on a potential loss of innovation potential coming from informal office chat. However, these have not yet been proven and, more importantly, can be outweighed by a number of potential benefits. First, while the proximity of workers could be contributing to innovation it is just as likely to be a cause for distraction. Second, the diversity of having workers coming from and living in different countries, cultures, urban or rural areas, and letting them interact, even only online, can be an even bigger driver of innovation, an idea which has been voiced by the likes of Zuckerberg (Fung, 2020) and Jack Dorsey. (Bradshaw & McMorrow, 2020) This is supported by previous examples – the Stripe company for payments decided in 2019 to make its newest (fifth) engineering hub rely strictly on working from home; while even its own expectations

were for the productivity of this hub to be lower, its data showed that it was actually marginally outperforming the others. (*ibid.*) Third, working from home can be financially beneficial to both employers and employees, especially in the case of outsourcing labour to countries with lower costs of life. The fact that hiring workers from such regions can give them a locally competitive salary while saving companies based in more expensive states money is well known. Additional benefits such as the reduction of the pollution and stress caused by commuting are another positive externality.

While the benefits of remote work were known before the pandemic, the concept has received a big boost as companies have been forced to implement it temporarily and, by investing in infrastructure and breaking psychological barriers, will likely continue to use it. This could represent a new trend in the European and foreign (developed) labour markets, as companies begin hiring workers in regions with lower costs of life and employees begin to migrate towards them. Of course, such a development could be further helped by policies at both the EU and national levels. Poland can be studied as a good example to follow – although its cost of life is relatively high in a global scale (a UK company can save on average 50% by outsourcing its work to Poland, compared to over 70% for India) it has managed to position itself as a top 5 outsourcing hub worldwide. (Shotter & Parkin, 2020) What is more, during the pandemic it managed to attract work which was formerly going to India despite higher labour costs. (*ibid.*) The short-term reason is more broadly available and faster internet which made the switch to working from home easier for Polish outsourcing companies. In addition to this, in the long-term Poland relies on its proximity to western markets, its legal and regulatory frameworks and its well-educated and multilingual workforce. Looking at its example, the EU should proactively aim to position its members as targets for outsourcing in order to maximise its economic potential. This could be achieved by reviewing and expanding existing programmes for adult learning. While the EU has been promoting a “cradle to grave” principle of education since the early 2000s (EC, 2020) and its Renewed European Agenda on Adult Learning (EAAL) aimed to increase focus on this topic for the period of 2011-2020, it has failed to meet its goal of reaching 15% of adult EU citizens, as only 11% had benefited from it by the end of 2019. (EESC, 2020) An increase of adult education would also benefit the EU outside of its potential as an outsource hub, as it would allow its citizens to better adapt to changes in the market, caused both by the latter’s ever faster evolution and by shocks such as the pandemic. To add to this, individual members should aim to make themselves more attractive for remote workers looking to move there and for companies looking to outsource. This could be achieved by increasing investments in digital infrastructure and improving the computer literacy and foreign language skills of their population through all levels of education – school, university and adult – in order to make their workers more attractive; as well as aiming to reduce bureaucratic barriers in order to attract potential expats. With such measures, the EU and its members would be better prepared for a future increase in employee mobility resulting in more movement both towards the Union and within it.

Conclusion

This paper has attempted to look at four areas which will be significantly impacted by the Covid-19 pandemic, analyse how their impact might affect European integration and, where appropriate, suggest measures to strengthen the European Union's capacity to answer to problems raised by the crisis and/or provide better responses in similar future situations.

The economic consequences of the pandemic which will have the strongest effect on European integration are undoubtedly the proposed €750b Next Generation EU plan and the ongoing court case against the ECB and the ECJ. As regards the former, the large-scale joint borrowing of the EU is a significant step towards more frequent and robust European fiscal measures; the departure of the UK and the change in fiscal policy of Germany have left EU fiscal conservatives in a severely weakened state which could have a lasting effect on European policy; the proposed new "own resources" of the EU, which would serve to repay the plan, could result in a long-term increase in the EU's capacity to take action and, if successful, could be expanded into an alternative revenue stream to power the EU budget. As regards the ECB court case, the German constitutional court has put into question not only the future of the ECB's quantitative easing programme, but also the whole legal order of the EU. It has attacked the practice of stretching the EU's legal framework through clever legal interpretations instead of revising it to justify new and expanded mechanisms. As a result, either this strategy will have to be modified or European institutions will become more open to similar future attacks.

The main political consequences of the pandemic has been the reduced support for European integration, which has been especially strong in Italy. To avoid such developments in the future, the EU should establish a small body of experts to prepare contingency plans for future crisis, detailing how the EU can best serve as a platform for cooperation and recommending mutually compatible measures to individual members. Additionally, the needs to address the issue of diffusion of false or deceptive information about its actions. Specific measures include establishing some form of obligatory fact-checking, especially for statements of public figures, as well as increasing direct communication of the EU with individual national audiences. The other significant political consequence of the pandemic will be on national politics, especially in the coming elections of Poland, the Netherlands where it has largely benefitted pro-European parties and Russia where it has hurt support for Putin.

Another area which will be impacted by the economic crisis caused by Covid-19 is defence, as European states can be expected to cut their defence budgets significantly. In order to minimise the negative impact of these cuts, they should be coordinated at a European level. This way EU states would maximise their complementary as a whole and compensate for each other's gaps. In addition, the proposed MFF sees a decrease in the common defence research fund under EDF and in its programme for military mobility. It is strongly advised to reconsider this decision as both serve important functions and represent marginal parts of the EU budget.

Finally, the consequences of the pandemic on the labour market are discussed. The trend for long-distance working is thought to remain and increase in the long term which should also lead to an increase in worker migration within the EU, as well as increase of outsourcing both from within and outside of the Union, especially towards CEE member states. In order to maximise economic gains from such a development, it is advisable that the EU increases its efforts in lifelong learning, while individual members invest in education at every level, improving digital infrastructure and reducing bureaucratic burdens for potential expats.



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