

Vulnerability and resilience

WRR reflections on the long-term consequences
of the COVID-19 crisis

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Vulnerability and resilience. The WRR's reflections on the long-term consequences of the coronavirus crisis has been written and prepared by:

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Preface

The COVID-19 pandemic is having major social, political and economic consequences and we will continue feeling these effects for some time to come. In the long term there is a strong likelihood that the crisis will lead to changes in the way we view the world and in the choices we make as a society. Dutch society now faces the challenges of building on what has gone well, learning lessons where improvements are possible, and responding to the changes that are coming down the line.

In this report, the WRR provides suggestions and ideas for the government and for parliament as they tackle the consequences of the coronavirus outbreak in the Netherlands. Although many things have gone well in this country during the current crisis, the pandemic has also revealed a number of important vulnerabilities. As we will point out, the economic and health risks are falling disproportionately on people who are already in a difficult situation, business has found it hard to absorb the shock of this crisis, globalization has proven to be fragile, and international cooperation has been difficult.

Based on our publications in recent years, we present a number of policy principles that could help us to address these vulnerabilities. This includes strengthening the knowledge and capacity available within government, changes to the flexible labour market and social security, better embedding corporations in society, more effective management of accelerating digitization, and greater resilience to disruptions at the international level.

This is a crucial task for the government: it must strengthen the resilience of our society, so that we can both recover from the current crisis and be better prepared for the changes that are to come. But the government cannot do this alone: this is also a collective responsibility for citizens, companies and civil society organizations. Moreover, the Netherlands cannot do this alone: international coordination and solidarity will be vital. This cannot be taken for granted, because enhancing our resilience requires willingness on the part of individuals, companies, organizations and countries to sacrifice their own interests for the sake of the collective interest.

This report offers our initial reflections on a situation that continues to evolve. As such it does not offer ready-made policy measures, but rather aims to guide the choices that the Netherlands faces with respect to an uncertain future.

Professor J.E.J. (Corien) Prins
Chair

Professor F.W.A. (Frans) Brom
Secretary

Reflections on the long-term consequences of the COVID-19 crisis

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The costs of the crisis

The crisis has come at an enormous cost. A fair distribution of these costs and a balanced approach to keep public debt affordable are essential for maintaining support for our economic system and for social cohesion.



The guiding role of government

The crisis has exposed the limitations inherent to a perspective on the government as a 'referee' that merely facilitates private initiatives. It reveals the importance of having a capable government that provides direction and makes substantive interventions.



The future of globalization

Extensive international interdependence has proved to be a risk during the crisis. The Netherlands benefits from globalization, but must also acknowledge its negative side effects.



The position of flexible labour

The crisis has impacted flex workers particularly hard. It has exposed the need for more balance on the flexible labour market and a review of the social security system.



The future of European cooperation

The crisis has revealed how dependent the Netherlands is on Europe. Recovery in the Netherlands will benefit from recovery in other EU member states.



Differences in people's resilience and ability to cope

The crisis has been especially devastating for those who are already in a precarious situation. We should be particularly vigilant regarding the long-term impact of the crisis on vulnerable groups.



Digital opportunities and risks

The crisis has shown that the possibilities in the field of digital services and working methods are more extensive than previously imagined. This will require a deeper understanding of digital dependencies and vigilance regarding techno-optimism.



The resilience and societal role of business

The dividing line between 'public' and 'private' has revealed itself to be less clear-cut than assumed prior to the crisis. This calls for a critical assessment of how business is embedded in society.



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Introduction

The COVID-19 pandemic has led to societal disruption around the world. First and foremost, of course, this is a public health crisis. People are seriously ill and dying, and the challenges faced by scarce healthcare facilities and personnel have increased significantly.

The postponement of regular treatment means that many people with other health conditions are also suffering as a result of the current situation. However, the measures taken to deal with coronavirus are placing *all* areas of society under severe strain. The response to the outbreak has inevitably been accompanied by enormous side effects, both economic and non-economic, involving difficult trade-offs and a great deal of uncertainty regarding whether the measures taken have been appropriate.

It may be a long time before life in the Netherlands can be described as ‘normal’ again, if indeed it is possible to return to ‘normal’. There is also a chance that this crisis is fundamentally changing our society and the way we choose to organize it.

Our starting point is that there will be neither a quick return to ‘normality’ nor a sudden radical change. However, we do believe that the current crisis will have a major and long-lasting impact on society, and that it will lead to changes in many areas. But this will be a process of gradual adjustments. While it is impossible to say with any certainty exactly where these changes will take us or what the main areas of concern will be, the WRR’s aim in this report is to contribute to the societal and political debate on how we can steer this process in a responsible manner. After all, the crisis has revealed a number of significant vulnerabilities in our society. Our suggestions relate to ways to address those vulnerabilities and strengthen the resilience of our society. Apart from the immediate public health crisis – which has understandably been the focus of attention in recent months – we see eight areas which will involve major policy challenges:

1. The role of the government in society
2. The position of flexible labour
3. Differences in people’s resilience and ability to cope
4. The resilience and societal role of business
5. Digital opportunities and risks
6. The future of European cooperation
7. The future of globalization
8. The costs of the crisis

With regard to each of these issues, we will first discuss the various insights that have been brought to light as a result of the crisis. We will then discuss the policy principles that we consider crucial in addressing these issues. We will focus mainly on potential developments in the medium and long term (the period during which social distancing will continue to be required and the ‘post-coronavirus era’) and how we can respond to these; we will thus focus to a lesser extent on the response to the outbreak of the virus itself. Moreover, our suggestions mainly concern the general direction of policy, and to a lesser extent the specific design of policy, although we will try to make our suggestions as concrete as possible.

1. The role of the government in society



1.1 The crisis

As a result of the current crisis, the government has suddenly come to play a much larger role in society. The nature and scale of the problems have required this, and people have also expected this from the government. For it is precisely in times of great challenges and uncertainty that action by individual citizens, organizations or companies alone is not enough, and that we derive the most benefit from a government that is prepared to take decisive action. Once the seriousness of the situation became clear, the Dutch government was able to take on this role. In terms of both combating the immediate health crisis and keeping the economy afloat, the actions of the government in recent months have had few parallels. This crisis may therefore act as a catalyst for a trend that has been evident for some time: a renewed appreciation of a more interventionist role for government as a means of achieving collective goals and upholding public values.¹

At the same time, this crisis has shown that a greater role for the government also involves risks. Decisive action and rapid intervention are difficult to reconcile with the regular functioning of democracy. For crises that emerge over only a short period of time this is a less serious issue, but for a crisis that may roll on for months or even years it can raise serious questions. For example, there is the dominant role of certain expert bodies (such as the Outbreak Management Team and the National Institute for Public Health and the Environment (RIVM) in the Netherlands), and the non-transparent nature of some of their information sources and deliberations. There are also issues relating to the rule of law. Several European countries – such as Spain, Italy, France and Luxembourg – have declared a state of emergency, which allowed existing laws and structures to be set aside temporarily. In the Netherlands, there are also questions regarding how far the government can and should go in managing and monitoring individual behaviour, and how this relates to principles of the rule of law.²

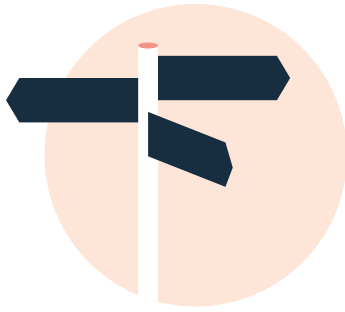
In addition, governments have taken on an explicit role in supporting companies and citizens who have been deprived of their income. In the Netherlands this includes, for example, compensation for reduced working hours (the government has covered up to 90 percent of labour costs), guarantees on business finance, the deferral of tax payments, and compensation for self-employed persons and others. Various measures have been taken at European level, too, to provide financial support for businesses and workers. It remains unclear, of course, what exactly the government's expanded role in the economy will mean for the future. Some speak of 'the return of the government'.³ Others believe that as the government is covering many of the costs of the crisis, in the long term it will need to 'retreat' once again due to the negative effect on the public finances (see section 8).⁴ The future role of the government is therefore a matter for debate.

1 Doorne, E. van, and B. Steur (2018) *Renaissance van de overheid. De behartiging van publieke belangen* [Renaissance of Government. Representing the Public Interest], The Hague: Ministry of the Interior and Kingdom Relations.

2 SCP, PBL and CPB (2020) *Aandachtspunten voor een herstelbeleid. Briefadvies Covid-19 Overleg Planbureaus* [Points for Attention in the Recovery Policy. Advisory Letter on Covid-19 Consulting and Planning Bureaus], The Hague: SCP/PBL/CPB.

3 Mazzucato, M. (2020) 'The Covid-19 crisis is a chance to do capitalism differently', *The Guardian*, 18 March.

4 Claassen, R. (2020) 'Ondernemersrisico als overheidsrisico' [Business Risk as Government Risk], *Me Judice*, 15 April.



The crisis has exposed the limitations inherent to a perspective on the government as a ‘referee’ that merely facilitates private initiatives. It reveals the importance of having a capable government that provides direction and makes substantive interventions.

1.2 Principles for policy

No powers without open consultation, countervailing powers and accountability.

Particularly when decisions need to be made that may have far-reaching consequences for many citizens, these must be made in consultation with the representatives of the relevant stakeholders (citizens, societal actors, companies). And while it is justifiable that it is not feasible to approach decision-making in the midst of a crisis in the same careful manner as it would be handled under normal circumstances, power and decisions must ultimately be accounted for. This also applies to the experts who are now playing such an important role in this crisis. Obviously, which form accountability should take will differ in each area. Parliament is a primary countervailing power for ministers. For experts, accountability to parliament is a part of the answer, but it also consists of peer assessment or ensuring sufficient diversity in the professional backgrounds of the experts. This type of accountability must be safeguarded in a way that provides citizens with an insight into the way in which decisions are made.

Representing the public interest remains a collective task; ensure that private actors take their responsibility. The current crisis shows that the government has an indispensable role to play in carrying out certain tasks. It demonstrates that viewing the government merely as an ‘arbiter’ which sets and enforces the rules, but otherwise only steps in when ‘market failures’ occur is too narrow. At the same time, however, the government has neither the knowledge nor the authority to determine how society should develop going forwards in a top-down manner. The involvement of many societal actors is therefore required. This is one of the Netherlands’ strengths as a nation. But it does mean that the government needs to encourage private actors to take responsibility for the public interest (see section 4).

Invest in knowledge and government capacity, so that it can chart a course and respond to events. Defending the public interest is a collective task. We need a strong and capable government that is able to chart a course and to make substantive interventions. Given the nature of the issues facing Dutch society in the future – an economic recession, higher demand for healthcare, climate change, environmental problems and housing shortages – this is a very urgent challenge. In the past forty years, it has often been assumed that if the government outsources public interests to the private sector, then it will have less on its plate and can therefore be downsized. But in practice, government has had to develop a new set of competences, including good contracting practices and the supervision of markets. The fact that these new activities also require adequate capacity and resources, as well as robust knowledge and expertise, has often been overlooked. This includes not only scientific knowledge – although, as we have seen, this is crucial – but also the local and implicit knowledge that is built up by public servants who work in the same field of policy for many years. We therefore need a renewed appreciation for the accrual and maintenance of knowledge and capacity within government.

2. The position of flexible labour



2.1 The crisis

Many people's work has been affected by the outbreak of the coronavirus pandemic.⁵ The crisis is likely to lead to significantly higher unemployment. The Netherlands Bureau for Economic Policy Analysis (CPB) has published a scenario study showing that unemployment as a percentage of the labour force will rise from 3.4 percent in early 2020 to at least 4.5 percent in 2021 under the best-case scenario, and up to 9.4 percent under the worst-case scenario.⁶ Despite financial support from the government, this means that many people may lose (a part of) their income and will have concerns about their future income.⁷ But work is more than just a way to earn a living. Work also gives meaning to our lives, provides social interaction with colleagues and strengthens our commitment to society. The loss of a job and an income can have major consequences for people's well-being. Unemployment is also negative for the economy as a whole, particularly long-term unemployment, because it involves the loss of knowledge and expertise and can lead to a negative spiral.

As expected, flexible workers have been affected by the crisis much more rapidly and on a much larger scale than those with a permanent employment contract.⁸ Before COVID-19 struck the Netherlands, 1.9 million employees out of a total workforce of about 9 million people had a flexible employment relationship. Of those employees, 70 percent (i.e. 1.4 million people) had no guarantee of their employment relationship because they worked on a short-term temporary contract, a variable-hours contract or a stand-by contract, or because they worked for a recruitment agency.⁹ Flexible employment practices such as these are particularly common in sectors that have come to a complete standstill due to the crisis, such as the catering and hospitality sector, tourism, transport and culture.

A significant proportion of these flexible employees are self-employed. The Netherlands has approximately 1.1 million self-employed persons, which amounts to 12 percent of all people in employment. Some of these are, in practice, not truly self-employed. They might work for only one firm or organization and would prefer to have a permanent employment contract.¹⁰ Previous research has shown that this group often enjoys insufficient protection in the event of an economic downturn.¹¹ Given the exceptional nature of this crisis, providing government support for self-employed persons is understandable: some large companies also have insufficient reserves to get through it. But there has been criticism: freelancers and their clients (who sometimes act more like their employers) have paid relatively limited social security contributions and taxes, but are now receiving additional

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- 5 CPB (2020) *Arbeidsmarkt: sterke daling gewerkte uren* [Labour market: Sharp fall in number of hours worked]. The Hague: CPB.
- 6 CPB (2020) *Scenario's economische gevolgen coronacrisis*. [Scenarios for the economic consequences of the coronavirus crisis]. The Hague: CPB.
- 7 DNB (2020) 'Nederlanders verwachten langdurig geraakt te worden door economische crisis als gevolg van corona-uitbraak' [Dutch people expect long-term impact from the economic crisis caused by the outbreak of coronavirus], *DNB Bulletin*, 18 May.
- 8 SCP (2020) *Zicht op de samenleving in coronatijd* [Perspective on Society during Coronavirus]. The Hague: SCP.
- 9 CBS (2020) 'In 2019 onzeker dienstverband voor bijna 1,4 miljoen flexibele werknemers' [In 2019 Lack of Employment Security for Almost 1.4 Million Flexible Workers], The Hague/Heerlen: CBS.
- 10 Commission on the Regulation of Work [Borstlap Committee] (2020) *In wat voor land willen wij werken? Naar een nieuw ontwerp voor de regulering van werk* [What kind of country do we want to work in? Towards a new design for the regulation of work]. The Hague: Commission on the Regulation of Work.
- 11 OECD (2019) *OECD Input for the Netherlands Independent Commission on the Regulation of Work*. Paris: OECD.

support from the government.¹² This crisis is putting the existing discussion regarding the position of self-employed persons, the provisions they make for lost income and the role of employers under the spotlight.¹³



The crisis has impacted flex workers particularly hard. It has exposed the need for more balance on the flexible labour market and a review of the social security system.

2.2 Principles for policy

Rethink and review the position of flexible labour and self-employed status in the Netherlands.

Uncertainty regarding income, pensions and social security can make people feel less secure and less able to live their lives as they would like to. Moreover, there is a danger of self-reinforcing effects: due to concerns and stress regarding their income, people are less able to make sound financial decisions, which can contribute to a deterioration in their financial position. These problems are currently affecting flex workers in particular. This can have negative consequences not only for the people involved, but also for the economy as a whole: if people are highly uncertain about their (future) income, they will be less inclined to spend their money, exacerbating the economic slowdown at the macro level and limiting innovation. The fact that so many self-employed people are now being forced to rely on social security payments demonstrates that the strict delineation between the self-employed and employees with a permanent contract is unsustainable in terms of tax and the social safety net. This requires a rethink of the social security system, with the aim of enabling all workers to contribute to and fall back on reserves when they lose work.

More focus on and funding for active labour market policy. The importance of ‘active labour market policies’ is bound to increase as unemployment rises. This involves supporting people who are out of work due to the crisis, or who were unemployed even before the crisis, by providing guidance, courses, training and other support to help them to participate in the labour market. The Netherlands is not investing enough in this at present, recent reports (including by the WRR) concluded. When it comes to active labour market policies, we are underperforming compared to other European countries. That will have to change, because helping people to find employment will be even more essential as a consequence of the current crisis.

12 Hofs, Y. (2020) ‘Na deze crisis moet het zzp-schap echt op de schop’ [After this crisis, self-employed status really must be tackled], *De Volkskrant*, 20 March.

13 Commission on the Regulation of Work [Borstlap Committee] (2020) *In wat voor land willen wij werken? Naar een nieuw ontwerp voor de regulering van werk* [What kind of country do we want to work in? Towards a new design for the regulation of work]. The Hague: Commission on the Regulation of Work.

3. Differences in people's resilience and ability to cope



3.1 The crisis

The crisis caused by the coronavirus is demanding much resilience from everyone. However, the extent to which people are able to cope varies greatly. First and foremost, the consequences of the current crisis are being felt by people who are already in a vulnerable social position: the crisis is exacerbating existing socio-economic and societal issues.¹⁴ At the same time, we are rapidly seeing new vulnerable groups emerging: people who are now facing particular social, psychological or physical challenges.¹⁵

There is a danger that people who are already in a precarious situation are being exposed to further risks. The health crisis is mainly affecting the elderly and those with underlying health problems or generally poorer health.¹⁶ This applies to both the consequences of the COVID-19 pandemic and the negative impact of postponing and scaling back the provision of other forms of healthcare. At the start of the crisis, we saw that the focus was mainly on managing the problems in hospitals; only later did the focus shift to issues around vulnerable people and their caregivers in disabled care and care homes. In addition, people with pre-existing health risks (particularly obesity) appear to be at increased risk of more serious symptoms and possibly permanent health damage if they are infected by the virus. This may in turn have serious consequences for their future societal and economic position and participation in the labour market.

The wider implications of the response to coronavirus and the ensuing crisis seem to be creating tensions, especially among traditionally vulnerable groups. One study into how the crisis has affected residents of Rotterdam has shown that uncertainty has increased, especially among those with lower levels of education, the elderly, people with a limited social network, those on low incomes or living on benefits, those with high debts and those with poor health.¹⁷ The capacity of these people to cope with setbacks is not enough for them to cope with the effects of this crisis. Existing differences in people's resilience may increase further as a result. On the other hand, 'new' vulnerable groups are also emerging, such as those with average incomes whose position in the (flexible) labour market is currently highly uncertain. The crisis is quickly eroding their reserves of resilience.

One urgent question is to what extent vulnerable groups are able to cope while social distancing rules remain in place. Recent studies have shown that today's complex welfare state, with its emphasis on digital access and self-reliance, does not always ensure that support reaches those who need it.¹⁸ In addition, there is the danger of (further) isolation if people are afraid to go out due to the health risks, and if they are afraid to receive visitors at home and to visit others. This could make it more difficult for people with health risks to find a way out of their vulnerable position. There is also the question of how far the government should go in restricting people's freedom of movement on public health grounds.

14 For example, the possible increase in domestic violence.

15 Temporary Working Group on the Social Impact of Coronavirus [Halsema Committee] (2020) *Verslag Werkgroep Sociale Impact van de Coronacrisis* [Report of the Working Group on the Social Impact of the Coronavirus], Amsterdam.

16 This is not to say that everyone who dies from coronavirus would have died soon anyway – on average, ten life years have been lost per death from the coronavirus. See: Hanlon, P., F. Chadwick, A. Shah et al. (2020) 'COVID-19 – exploring the implications of long-term condition type and extent of multimorbidity on years of life lost: a modelling study' [version 1; peer review: awaiting peer review]. Wellcome Open Research, 5 (75).

17 Engbersen, G. and T. Wentink (ed.) (2020) *De bedreigde stad: De maatschappelijke impact van COVID-19 op Rotterdam* [The City under Threat: The Social Impact of COVID-19 on Rotterdam]. Rotterdam: EUR.

18 See, e.g., Bredewold, F., J.W. Duyvendak, T. Kampen, E. Tonkens and L. Verplanke (2018) *De verhuizing van de verzorgingsstaat* [The Changing Welfare State]. Amsterdam: Van Gennep; WRR (2017) *Weten is nog geen doen* [Why knowing what to do is not enough]. The Hague: WRR.

For example, isolating nursing homes due to the risks to residents' physical health has had a serious and negative impact on those same residents in the form of a sharp increase in loneliness. A holistic view of healthcare – in which quality of life is central – is essential.¹⁹

With respect to previously mentioned newly vulnerable groups, the current crisis presents a number of specific risks. For example, among the flexible workers, young people who are just embarking on their careers and often working on temporary contracts require particular attention.²⁰ They are likely to find it more difficult to find and keep a job during a recession. Other risks are expected to affect children in lower socio-economic status (SES) families, and the children of those who work in the healthcare and education sectors. There are already warnings that children in lower SES groups are at a higher risk of falling behind due to limited resources at home.²¹ This may have a long-term impact on these children. In the healthcare and education sectors, which are playing such a vital role at present, workloads have been increasing, which may result in more physical and psychological health issues among staff in sectors that were already suffering from staff shortages.²²



The crisis has been especially devastating for those who are already in a precarious situation. We should be particularly vigilant regarding the long-term impact of the crisis on vulnerable groups.

3.2 Principles for policy

Be particularly vigilant regarding the long-term impact of the current crisis on vulnerable groups. Compared to other EU countries, the Netherlands enjoys above-average living standards and quality of life. But there are clear differences between groups in the Netherlands when it comes to their position in society.²³ Vulnerable groups are susceptible to a range of problems during the current crisis. As a society, we are facing a collective problem that we also need to tackle together. To do this fairly and effectively will require more focus on the people who are the most vulnerable or who have to bear the greatest impact; this can be done through good monitoring, active assistance and the generous application of the rules (including in the field of debt repayment). It is essential to prevent people from entering a downward spiral. Specific attention is also required for people who may suffer permanent health damage from the virus.

19 Council for Public Health and Society (2020) *(Samen)leven is meer dan overleven* [Living (Together) is more than just Surviving]. The Hague: RVS.

20 SER Denktank Coronacrisis (2020) *De contouren van een intelligent herstelbeleid* [The Contours of an Intelligent Recovery Policy], p. 17-18, The Hague: SER.

21 Ter Weel, B. (2020) 'Een deel van de kinderen loopt grote leerachterstanden op' [Some children are falling behind to a significant extent], Economic Social Reports, 31 March.

22 RIVM (2019) *Dossier Armoede, schulden en gezondheid* [Dossier on Poverty, Debt and Health]. The Hague: RIVM.

23 Also see CBS (2020) *Monitor Brede Welvaart en de Sustainable Development Goals* [Monitor of Well-Being and the Sustainable Development Goals], The Hague/Heerlen: CBS; SCP (2019) *De sociale staat van Nederland 2019* [The Social State of the Netherlands 2019]. The Hague: SCP.

Invest in individual and social resilience. This will not be the last major crisis that we face: collective challenges of this kind are likely to occur more often. This means that individual and social resilience are required. At the collective level, changes to the social security system are one obvious option, as mentioned above. But this does not exclude the importance of individual resilience: here, too, it is essential that people build up a sufficient buffer and social networks to help them cope with health issues or the loss of work and income. However, a realistic perspective on self-reliance must be applied here, because not everyone is equally capable of achieving this. Individual resilience requires a healthy public sector. In the short term, investment in the fields of healthcare and social care is required so that people can recover from setbacks caused by the current crisis. It is essential that municipalities also remain resilient and that they do not become financially overstretched. In the long term, education, including adult education, is essential for people's resilience and ensuring they remain employable over the longer term. This also requires a stronger commitment to preventive healthcare, in order to limit existing health risks.

4. The resilience and societal role of business



4.1 The crisis

The global economy is taking a major hit from the coronavirus pandemic and the drastic measures required to stop its spread. In economic terms, we are seeing both a supply shock and a demand shock: global production and trade lines have been disrupted, many shops are closed (supply) and people are buying less goods and services (demand), in part due to a sharp rise in unemployment. Entire sectors – such as tourism, aviation, culture, sports and hospitality – have come to a standstill. Social distancing measures can only be phased out gradually, and even if they can be removed entirely over the long term, the economic impact cannot be undone. It is unlikely that economic activity in the travel, hospitality or cultural sectors will rebound quickly to their previous levels.

The crisis raises the question of whether business is overly vulnerable to major disruptions. Obviously, it is impossible to be prepared for any eventuality, but it is striking how quickly companies have run into financial difficulties, and trade and production chains have been disrupted. Optimized value chains appear to be very vulnerable. The societal risks of this have become particularly apparent as a result of the current crisis, especially since the supply of equipment and medicines for the healthcare sector have also faced serious challenges. Has the time come for companies to move from a just-in-time approach to a just-in-case approach?²⁴

In addition, this crisis is revealing the interdependence between business and society. It has illustrated both how important the functioning of the business sector is to society, and, in turn, how dependent business is on society. There is much debate about the latter in particular, especially when it comes to the support that companies are receiving from the government (and thus from society). It is disconcerting that certain companies are receiving or requesting public support even though they have recently made substantial pay-outs to shareholders or pay only limited taxes in the countries from which they are receiving this support. This raises the question of whether stricter conditions ought to be attached to state aid and whether, in the longer term, changes in legislation on companies are required. This question is now on the agenda in many countries, including the Netherlands.²⁵

During this time of crisis, the dividing line between ‘public’ and ‘private’ turns out to be less clear-cut than we had assumed during better economic times. We should therefore also shift our focus towards the future: what kind of societal role for business should we be aiming for? In recent years, we have heard growing calls for sustainability and a stakeholder-approach to business, with more focus on long-term prosperity and less emphasis on short-term financial gain. However, it is not inconceivable that a tension will arise between the need for a quick economic recovery and the pursuit of reforms within (and the sustainability of) business.²⁶ After all, the former would imply giving industry a high degree of freedom and applying rules more flexibly. The latter, on the other hand, implies taking a longer-term view and being willing to sacrifice certain goals in favour of a broader approach to prosperity.²⁷

24 Financial Times Editorial Board (2020) ‘Companies should shift from ‘just in time’ to ‘just in case’’, *Financial Times*, 22 April.

25 Hensen, C. (2020) ‘Eerst belasting ontwijken en dan om steun vragen? Niet in Denemarken’, [First avoid tax and then ask for support? Not in Denmark], *NRC Handelsblad*, 23 April.

26 SCP, PBL and CPB (2020) *Aandachtspunten voor een herstelbeleid. Briefadvies Covid-19 Overleg Planbureaus* [Points for Attention in the Recovery Policy. Advisory Letter on Covid-19 Consulting and Planning Bureaus], The Hague: SCP/PBL/CPB.

27 CBS (2020) *Monitor Brede Welvaart en de Sustainable Development Goals* [Monitor of Well-Being and the Sustainable Development Goals], The Hague/Heerlen: CBS.



The dividing line between ‘public’ and ‘private’ has revealed itself to be less clear-cut than assumed prior to the crisis. This calls for a critical assessment of how business is embedded in society.

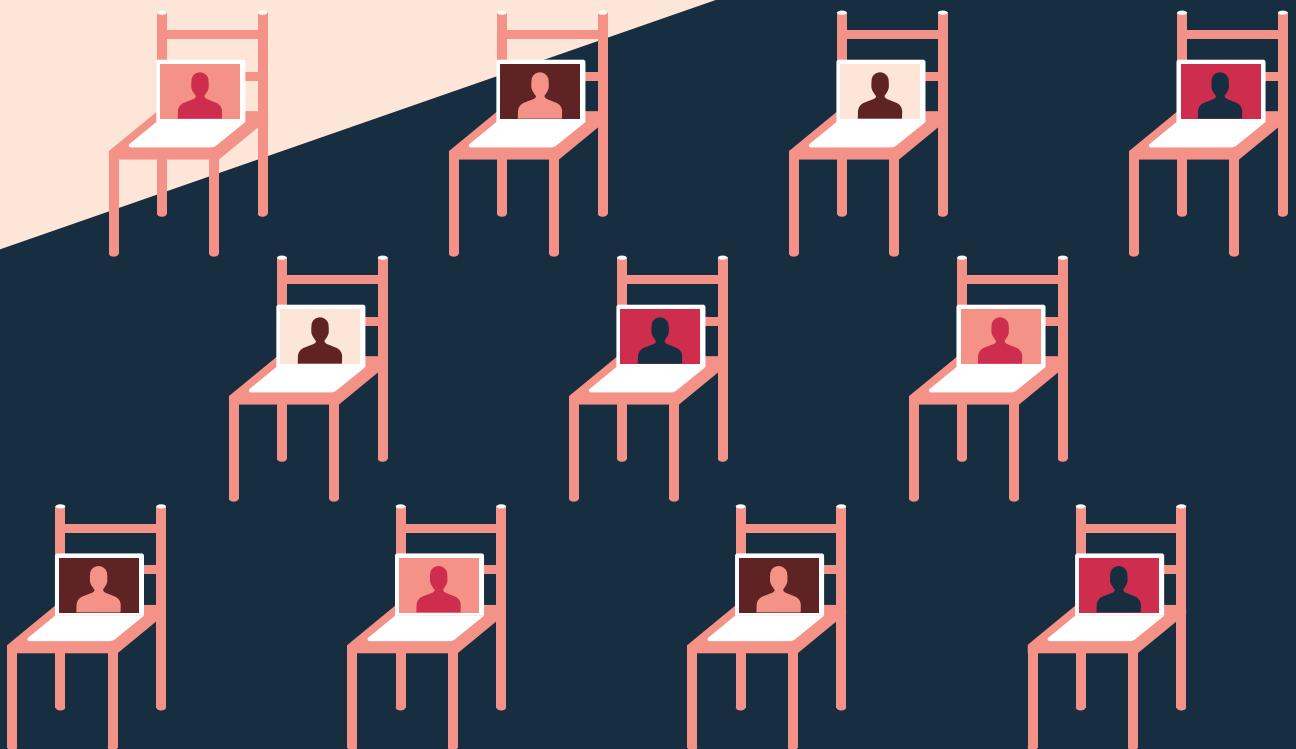
4.2 Principles for policy

Resilience should be a much bigger priority in business. The crisis has shown that focusing primarily on efficiency can lead to inadequate buffers and an inadequate focus on supply chain resilience. The far-reaching globalization of production and supply chains provides opportunities to produce products and services as cheaply as possible, but we are also seeing that these dependencies make us vulnerable to disruptions in trade flows. In addition, we see that many companies have too few reserves for coping with major setbacks. In financial markets, financial buffers are still seen as poor management, rather than a sensible form of risk management. The tax advantages of debt over equity and the dominant position of shareholders play a role in this. Business must focus more on the longer term, and we must find a way to achieve this by embedding long term perspectives in the (tax) rules that businesses need to comply with.

Strengthen the link between business and society. Economic development is the result of collective endeavour, and companies, citizens, societal actors and government all play a crucial role in it. Society needs a thriving business community. But the converse is also true: the crisis has demonstrated that business needs society to function. So the link between business and society must be strengthened. One example is a much more critical approach to tax avoidance: since all companies benefit from public services, they should all be contributing to them. More focus is also needed on the position and responsibilities of shareholders in relation to other stakeholders.

Economic recovery and sustainability must go hand in hand. A crisis is often seen as a window of opportunity for major changes. However, the opposite – the preservation and perpetuation of the status quo – is also possible. In a context of economic contraction and high unemployment, governments may see boosting the economy as quickly as possible, even by supporting activities that are less compatible with the long-term transition to a sustainable economy, as the easiest option. However, in view of the far-reaching consequences of climate change for Dutch society and the economic opportunities that sustainability offers, this could have negative consequences in the long term. It is therefore important to make sustainability in the economy a prominent feature of economic recovery policy. Any economic recovery will require investment. Considering the need for resilience, it is sensible to ensure that this investment is made in a sustainable manner, so that both business and society become more prepared for the effects of climate change.²⁸ As climate policy is a global public good, it is important that the Netherlands also works in international forums and at European level to ensure that recovery policy and climate policy are coordinated.

5. Digital opportunities and risks



5.1 The crisis

Within a few short weeks, the current crisis has led to a change that would otherwise have taken years: working from home *en masse*, remote consultations with doctors, and virtual classrooms. The crisis has also benefited particular sectors, such as supermarkets and home delivery. Online retail is on the rise, and this is having a long-term impact on the way consumers do their shopping. Will working from home become the norm for large numbers of people, with a significant reduction in traffic congestion and CO₂ emissions as an additional positive effect? What does this mean for public transport, office space and hospital space? This is an important time to learn lessons: what is going well and what is not going so well? How do we ensure that digital resources are used effectively in the different sectors of our society?

In addition to these opportunities, certain risks have also become evident.²⁹ Criminality is already adapting, and seems to be rapidly moving into the digital realm. Our dependence on large tech companies may increase even further. Major online vendors such as Amazon are gaining ground, while many small businesses are failing. Many social and economic activities have become dependent on cloud services provided by Amazon and Microsoft. Is the privacy and security offered by online services adequate? The video service Zoom, for example, has rapidly become very popular, but has also come under fire because its security features proved inadequate and data was being shared with all manner of third parties.

Then there is the question of how far technology can provide solutions during the period in which we need to observe social distancing rules. Smart apps and smart watches could be used to alert people if they are getting too close to each other, and help us to alert people who have been in close contact with someone infected with the COVID-19 virus. However, there are questions about the extent to which the technology is up to this challenge, the extent to which this could promote riskier behaviours, legal questions regarding liability, and whether the applications might be open to abuse for other purposes ('mission creep').



The crisis has shown that the possibilities in the field of digital services and working methods are more extensive than previously imagined. This will require a deeper understanding of digital dependencies and vigilance regarding techno-optimism.

5.2 Principles for policy

Seize the digital opportunities. The crisis is showing that in the field of digital services and digital working methods, the possibilities are perhaps much more extensive than previously imagined. More people working from home may bring benefits in terms of traffic congestion, but possibly also for the balance between work and care responsibilities. In healthcare, the use of e-health techniques could enable care to be provided more quickly and reduce workloads and costs. Digitization could also contribute to greater innovation and flexibility in education.³⁰ But this will still require significant improvements in quality, among both users and providers of these public services.

Focus on the societal embedding of technology. The crisis has also revealed the risks and limitations of digitization. Not all work can be done remotely, not everyone can work from home effectively, and working from home can reduce creativity and the social aspects of work. Nor is remote teaching a substitute for classroom education, and it can be difficult for many children and their parents. Similarly, remote medical consultations are not suitable for all patients. The rapid introduction of technologies during the crisis has raised important questions regarding security, responsibility and ownership and these have not been adequately addressed. Technology will only function adequately if the broader social and technical context is taken into account from the outset. This includes the behaviours, desires and limitations of different groups of citizens, as well as the supporting infrastructure. The Netherlands has robust digital infrastructure, which has proved to be a very valuable asset in recent months, and it is therefore all the more important to secure that infrastructure adequately by being realistic about what is and is not possible in the digital realm.

Focus on dependencies. The digital realm cannot be regarded as a ‘separate sector’. It has become part of our key infrastructure and is vital to the functioning of our country, as has been demonstrated during the current crisis. This shows how essential it is to be properly prepared for the possibility of digital disruption. It also means that much better insight is needed into our digital dependencies, both in terms of large privately owned actors and actors based in other countries. When it comes to digital sovereignty, we need to review our digital infrastructure not only in economic terms, but also in strategic terms. In addition to national policy, this issue has a European dimension. Initiatives such as Gaia-X in Germany and France spring to mind, which is seeking to reduce Europe’s dependence on large non-European platform providers in the field of data storage and exchange. The European approach to AI and the European Commission’s white paper on this subject published earlier this year are also seeking to address our digital dependencies.³¹

Strengthen supervision. The surge in digitization and data processing is strengthening the position of companies and the capacity of the government relative to the population as a whole. A strong democratic system should therefore make arrangements to intensify supervision in these areas. It is only possible to protect key civil rights if supervisory bodies (such as the Dutch Data Protection Authority) are adequately equipped to handle this.

30 PO-raad (2019) *Digitaliseringsagenda. Primair en voortgezet onderwijs* [Digitization Agenda: Primary and Secondary Education], March 2019.

31 European Commission (2020) *White Paper. On Artificial Intelligence – A European approach to excellence and trust*. February 2020.

6. The future of European cooperation



6.1 The crisis

Despite the global scale of the current crisis, we initially saw a high degree of ‘everyone for themselves’: the initial instinct of every national government was to protect its own citizens. This was partly due to major differences in the degree of infection and the degree to which the virus could be controlled. Within the EU, healthcare is still largely the responsibility of national governments, which has led to problems in a number of ways during this crisis: there was inadequate European coordination of aid during the first phase of the crisis.³² In addition, it was noticeable that countries very rapidly moved to close their borders unilaterally and take other measures to restrict freedom of movement. In some member states, these measures were at odds with the normative principles of the European Union.

Steps have now been taken within Europe to combat the crisis jointly – in terms of both its health dimensions and its economic dimensions. Joint action is the most effective approach in such situations, and will benefit the Netherlands most in the long term.³³ However, in a crisis of this magnitude, it is unsurprising that this is leading to some heated discussions and tensions regarding the degree of European and international solidarity required. The clash between the Netherlands and Italy over the conditions associated with emergency support is a good example of such tensions. The deteriorating economic position of many European countries also increases the risk of a renewed debt crisis and a longer period of economic stagnation. And this would come at a time when, just before the crisis hit, moves were being made towards an ambitious European agenda in the field of climate, industry and digitization. The future of European cooperation and integration is therefore emphatically on the agenda once again.



*The crisis has revealed how dependent
the Netherlands is on Europe.
Recovery in the Netherlands will benefit
from recovery in other EU member states.*

32 Clingendael (2020) *Corona: EU's existential crisis. Why the lack of solidarity threatens not only the Union's health and economy, but also its security*. The Hague: Clingendael.

33 SCP, PBL and CPB (2020) *Aandachtspunten voor een herstelbeleid. Briefadvies Covid-19 Overleg Planbureaus [Points for Attention in the Recovery Policy. Advisory Letter on Covid-19 Consulting and Planning Bureaus]*, The Hague: SCP/PBL/CPB.

6.2 Principles for policy

Safeguard Dutch interests and values through European cooperation. The Netherlands depends on European cooperation for a range of its interests and values, and this requires an integrated approach across various policy areas. This means that cooperation and agreements with other European countries are crucial for our country. We must apply a broad understanding of our national interests. In fact, this is already the approach that is being taken. The security and prosperity of the Netherlands have, of course, been central to our European policy for many years. But the Netherlands is also committed to stimulating economic development, sustainability and promoting human rights in other countries. Following the end of the Cold War, the focus on these themes within security policy has increased, under the banner of human security. European policy is therefore more than just a simple cost-benefit analysis: it should also reflect a wide range of values and interests. This is also consistent with the character of the EU, which is primarily a rules-based community and, to some extent, a political and social order.³⁴

Forge smart coalitions in order to exert our influence. We need to find partners with whom we have shared interests, values and ideas, so that we can defend and promote them together. Precisely because power politics is not a realistic option for the Netherlands, we will need to rely on this network approach. This requires us to maintain good relations and links with others. And it requires the formation of several coalitions regarding various themes inside and outside the EU, such as free trade, multilateralism, food policy and, last but not least, health policy. More flexible diplomacy and the development of constructive ideas are indispensable in this regard. And we must also recognize our limitations. We cannot be equally active in all areas: prioritization is required.

A vision of the future with scope for variation. The problems currently on the table undeniably raise questions about the future of the European Union. Some decisions cannot be made without developing a vision of that future. It is important that there is scope for variation in that vision. Within the European Union, more than ever before, it must be accepted that solidarity, decisiveness and national commitment will benefit from various forms of cooperation, rather than striving for maximum uniformity in the solutions that we adopt. This will not work if we continue trying to impose uniformity across all 27 member states: in the short term, it is not desirable to allow decision-making to depend on states whose governments have opted for the erosion of the democratic values during the current crisis. Reinforcing European strategic autonomy can only be achieved through an alliance of fully motivated member states. The Netherlands must be one of those, along with France, Germany, and others.

7. The future of globalization



7.1 The crisis

The Netherlands has traditionally had a very international outlook. Our country has ranked high in the globalization indexes for many years due to the large flows of goods, money and people that pass through it. Few other countries are politically, economically and socially so interconnected with the world around them. Our economy is highly dependent on trading in goods and services, our financial sector (banks, insurers and pension funds) is closely interwoven with the international financial markets and many sectors rely on labour migrants to some extent. Also when it comes to security, national and international issues are increasingly intertwined. The Netherlands is therefore highly interconnected with other countries.³⁵

These international interrelationships have brought us many advantages, but they also mean that we are vulnerable in periods such as this. The coronavirus has spread with unprecedented speed to practically every part of the world. The initial responses to the crisis were national, at least as far as the movement of people and goods was concerned. Changes that seemed unthinkable until recently have happened very rapidly: borders have been closed and passenger planes have largely come to a standstill. The crisis also illustrates how dependent we are for some goods on particular countries, such as China and India for medical equipment and medicines. The Netherlands has therefore been hit exceptionally hard by its international orientation.³⁶

According to some experts, this crisis could mark an era of radical de-globalization.³⁷ Even before the crisis, globalization was facing challenges: the US and China were embroiled in trade conflicts and the authority of the World Trade Organization (WTO) was increasingly being tested. During the crisis, international cooperation and coordination regarding the fight against coronavirus through the World Health Organization (WHO) has also been challenged due to these pre-existing rivalries. At the same time, countries are now so intertwined and benefit so much from global trade that they will not give up on it easily. It is therefore unlikely that globalization will be completely dismantled.

However, there is a good chance that globalization may begin to take a different form. If China emerges from this crisis first and in relatively good shape, it may seize the opportunity to cultivate global goodwill and try to steer globalization to its advantage. The aid it has provided to countries such as Italy in the form of doctors, knowledge and goods is one sign of this. In addition, if the expected medium-term recession materializes, all countries will be struggling for resources to advance their economic recovery. China, above all other countries, seems to be in the best placed to radically increase its production and investment. In other words, could the current crisis lead to a form of globalization that is oriented towards China?

35 WRR (2010) *Aan het buitenland gehecht* [Interconnected with other countries], Amsterdam: Amsterdam University Press.

36 IMF (2020) *World economic outlook, April 2020, Chapter 1*, Washington DC: IMF.

37 For example: Reinhart, C. (2020) 'Another Nail in the Coffin of Globalization', *Foreign Policy*, 15 April.



Extensive international interdependence has proved to be a risk during the crisis. The Netherlands benefits from globalization, but must also acknowledge its negative side effects.

7.2 Principles for policy

Globalization is not all-or-nothing. Different forms of globalization are possible. For example, between 1950-1980 – roughly the Bretton Woods era – globalization was characterized by the liberalization of trade between countries, while financial flows remained regulated and limited until the mid-1970s. Post-1980, financial globalization came to play a more prominent role, and global trade was dominated by trade *within* companies that were radically splitting up their production chains. Although the Netherlands benefits greatly from globalization, it is also essential to acknowledge the negative side effects and risks of the pre-coronavirus form of globalization. A key question for the Netherlands is therefore how we can contribute to a form of globalization in which those side effects and risks are addressed.

Governments can actively shape globalization and its effects. Globalization is not a natural phenomenon that we simply have to live with. Globalization can be managed, even though trade-offs exist between different goals. In addition, pragmatism must be a priority: globalization can never mean the complete absence of obstacles and barriers. Obstacles to certain global flows may be positive, such as when the free movement of goods poses a threat to environmental sustainability. It is not possible for the Netherlands to exert a strong influence on the ‘rules of globalization’ on its own; the European Union is the logical channel for this. However, we do have control over how we build up our own resilience to the adverse effects of globalization. One example is that open economies such as the Netherlands have historically invested heavily in social security, so that the worst effects of international disturbances can be dealt with. Education and generic skills are other ways in which a highly open economy can actively influence how we are affected by globalization.

Managing risks and dependencies does not mean ‘going it alone’. The Netherlands is highly interconnected with other countries. That is and will remain our position. At the same time, the question is what globalization will look like after the crisis: countries are likely to move more production within their own borders, or distribute their dependencies between different countries when it comes to essential supplies. More autonomy does not have to mean ‘going it alone’: countries can also spread their dependencies more strategically. For the Netherlands, strategic autonomy mainly means a better distribution of risks, focusing on more redundancy in business chains and more efforts towards the joint European production of key goods and services.

Focus not only on the economic sphere, but also on other areas, such as security. The coronavirus pandemic is not just a health problem, but in many respects also a problem of international security. The challenges associated with our increasingly interconnected world and transnational spill-over effects can also be referred to using the term flow security. An approach based on flow security implies the protection of desirable cross-border flows, such as consumer goods, medical devices, investment, money, (digital) information and employees. However, it also implies the prevention of undesirable flows, such as irregular migration, drug trafficking, cybercrime and computer viruses. In this crisis, the concept of flow security applies not only to the coronavirus itself, but also to the flow of information required to manage the risks associated with it. The continued development of a national monitoring system for the detection of future pandemics will only be useful if sufficient information is exchanged between countries. It is therefore crucial to strengthen and consolidate international cooperation, coordination and information, through organizations such as the WHO, for example.

8. The costs of the crisis



8.1 The crisis

The final issue, which touches on all of the areas described previously, concerns the enormous costs that the crisis will involve, both now and in the future. Governments around the world have taken drastic measures to mitigate the pandemic, with all the economic and social consequences that this entails. In many developing countries and emerging economies, the current crisis has so far mainly been an economic and financial crisis: capital flight, collapsing markets (for example, the demand for oil), the unilateral cancellation of orders from Western companies and the absence of remittance flows mean that many countries have been hit hard.³⁸ The health risks may also be greater in those countries than in developed economies, due to limited access to basic services (such as water and healthcare), more limited opportunities for social distancing due to poverty and poor housing, and more underlying health problems (such as HIV/AIDS).

The economic impact is expected to be enormous. Many anticipate a larger economic hit than the crisis of 2007-2009. That caused long-term disruption, particularly in Western countries, while many emerging economies recovered more quickly. Now all countries are being hit hard. The IMF expects a global economic contraction of 3 percent this year; in 2009 it was just 0.1 percent.³⁹ The outlook for the Netherlands is also bleak: the CPB views the most positive scenario as involving a GDP contraction of 1.2 percent in 2020 followed by a recovery in 2021. Under the worst-case scenario, there will be a contraction of 7.7 percent in 2020 followed by a contraction of 2.7 percent in 2021.⁴⁰ These figures are of course still surrounded by great uncertainty, but it is clear that there will be a significant impact on prosperity, a rise in unemployment and an increase in poverty.

It is still unclear how the crisis will affect the financial sector.⁴¹ Until now, partly due to large-scale intervention by the major central banks (specifically the Federal Reserve), a financial collapse has been prevented.⁴² However, if many companies go bankrupt and people are unable to repay their loans, this may also affect the financial sector. In the crisis of 2007-2009, governments had to support the banking system with very extensive rescue funds. Although it was agreed at the time that in any future crises, losses would have to be borne by shareholders and other financiers, the question is to what extent this is feasible during a simultaneous systemic crisis, and whether the government may again have to bail out the banks.

Although the Netherlands is in a position to provide financial support to its population due to its relatively low level of public debt and the favourable interest rates, this is not the case for many other countries. Within the EU, many countries pay higher interest rates on sovereign debt and are therefore more reluctant than the Netherlands to fund support packages. The situation is even more challenging in many developing countries. Here, there is a danger of a vicious spiral: a sharp economic contraction usually undermines the financial position of governments, meaning that they can provide less support, which further exacerbates the economic situation, and so on. International links may cause these problems to spread to other countries, including the Netherlands.

38 Adviesraad voor Internationale Vraagstukken (2020) *Nederland en de wereldwijde aanpak van COVID-19* [The Netherlands and the global approach to COVID-19], Advisory letter, The Hague: AIV.

39 Gopinath, G. (2020) 'The Great Lockdown: Worst Economic Downturn Since the Great Depression', *IMF Blogs*, 14 April, Washington D.C.: IMF.

40 CPB (2020) *Scenario's coronacrisis* [Coronavirus Crisis Scenarios], The Hague: CPB.

41 Financial Times (2020) 'ECB pushes for eurozone bad bank to clean up soured loans', *Financial Times*, 19 April.

42 Tooze, A. (2020) 'How coronavirus almost brought down the global financial system', *The Guardian*, 14 April.

In the aftermath of the crisis in 2007-2009, we also saw European governments being squeezed. Starting with a financial crisis, we ended up in a European sovereign debt crisis. Now, too, it is possible that governments which are having to provide extensive support will eventually experience financial difficulties. After all, social support comes with a price tag. For governments, the costs that are incurred now will need to be paid for in the future somehow. Finding a fair and effective way to deal with this debt will probably be one of the most important challenges in the wake of the COVID-19 crisis.



The crisis has come at an enormous cost. A fair distribution of these costs and a balanced approach to keep public debt affordable are essential for maintaining support for our economic system and for social cohesion.

8.2 Principles for policy

There are several ways to keep future costs manageable – a one-sided focus on austerity may be counterproductive. There are various strategies for keeping public debt affordable. From a historical perspective, long-term low interest rates, economic growth, spending cuts, higher taxes and high inflation have been important routes to reducing debt, but there have also been examples of debt cancellation or restructuring. Over the past ten years, looser monetary policy has led to historically low interest rates. That strategy also seems like a practical option for the period to come. Dutch interest rates are already extremely low⁴³, so there is no need to panic immediately. A pragmatic approach to public debt is also essential: we should not be afraid to rethink pre-crisis debt limits (the famous 60 percent of GDP) and we should stop assuming that public debt is necessarily a drag on our economy. While public sector finances should never be neglected, substantial spending cuts can contribute to uncertainty in the economy, and this may hamper economic recovery. In this context, a one-sided focus on reducing spending would be a case of ‘penny wise, pound foolish’.

Focus on fairness when dealing with the cost of the crisis in the future. During a crisis, it is sensible to provide unlimited financial support because this prevents the crisis from getting worse. The financial crisis of 2007-2009 and the subsequent economic slump and period of austerity led to accusations that profits were being privatized while the losses were being socialized. This has contributed to social tensions and dissatisfaction. In order to ensure there is adequate support for our economic system and for social cohesion, it is essential to ensure that any (future) costs are shared fairly. Changes to the tax regime and imposing conditions on the provision of financial support are obvious ways to achieve this. If governments do run into financial choppy waters, ways should be found to restructure or write off part of their public debt, where possible. This applies particularly to developing countries hit hard by the crisis.

Conclusion

The crisis caused by the coronavirus is throwing up a range of challenges across all parts of our society. Although the health crisis is currently receding in the Netherlands, in other parts of the world it is only just beginning. And as long as we have no vaccine, new waves of the pandemic could still affect our country. But even a vaccine would not solve all our problems: the repercussions of the crisis will still be felt for years to come.

In addition, it is clear that the far-reaching measures taken to contain the virus are causing a whole series of negative side effects. Lockdowns in the Netherlands and elsewhere have led to disruption in the economy and in society. The consequences are far-reaching, with a major increase in unemployment, poverty, loneliness and insecurity. In some parts of the world, the problem of hunger will also increase sharply. Not only the virus itself, but also the measures to combat it, will therefore lead to many (future) deaths. So the collateral damage of measures to contain the virus is huge. But failing to take these measures, or taking less effective measures, would also have led to societal disruption. This demonstrates the extent to which politicians and policymakers have been caught between a rock and a hard place: every strategy for dealing with the virus would have had negative consequences, and due to the enormous level of uncertainty surrounding this new virus, governments often had to improvise. At the moment it is simply not possible to determine which course the government should take. The only way forwards is trial and error.

This crisis shows how unpredictable the world can be. Humility regarding our ability to foresee future developments is therefore called for. What is certain is that we must start preparing for the potential 'crisis after the crisis'. Let us not forget the financial crisis of 2007-2009, which began with problems in the US housing market, quickly became a crisis in the banking system, then an economic crisis, then a sovereign debt crisis for European governments and then a euro crisis. Something similar could happen in the aftermath of the current crisis. Neither is it inconceivable that the economic and social downturn will put a strain on the political and social order in the Netherlands, which is based on freedom, democratic decision-making and the rule of law. It is therefore important to remain vigilant for 'mutations' of this crisis, too.

Despite all the misery caused, it is also important to identify what went well in the Netherlands during the crisis. Our management of the crisis has been reasonably good, the healthcare sector has responded effectively, public confidence in experts and in the government is high, the media has played its role in disseminating information, our digital infrastructure has coped well, people have supported one another and adapted quickly, and the government has provided citizens and companies with extensive financial compensation for the losses they have suffered. Before the crisis, the Netherlands was in good shape in many areas, which means that we can face the uncertain times ahead with a certain degree of confidence.

But the crisis is also exposing vulnerabilities. The government initially seemed to be taken by surprise by the scale and speed of the crisis. We also saw an accumulation of risks among people who were already in a vulnerable position. It also appeared that many companies lacked the resilience to withstand the blow dealt by the virus. At the international level, we have seen the vulnerability of globalization, and the Netherlands – as a highly globalized country – has been hit especially hard by this. In addition, there was a lack of coordination between countries to prevent the further spread of the virus and we have seen the vulnerability of the multilateral order, including within the European Union.

These vulnerabilities need to be addressed. In this report, we have outlined a number of policy principles that may help to make the Netherlands more resilient in the future. That future is full of uncertainty. That is precisely why resilience is key. We cannot prevent all risks, but we can ensure that we are able to cope with problems as effectively as possible and to adapt quickly to new circumstances.

Recovering from this crisis will require cooperation and collective responsibility at three levels. Citizens will need to feel and take responsibility for one another: in many cases, the crisis has led to solidarity and a willingness to support other people. It is crucial that this sense of collective responsibility is fostered and does not weaken as ‘crisis fatigue’ sets in. Secondly, cooperation between the government, civil society organizations and the business community is essential. The government cannot do everything alone and will therefore need the cooperation and commitment of these other parties. Thirdly, recovery requires cooperation at the international level. The health crisis and its repercussions are showing how much countries depend on one another. Expecting each country to fend for itself is ultimately bound to backfire.

The emergence of cooperation and collective responsibility cannot be taken for granted, by any means. It will require a willingness on the part of people, organizations and countries to put their own interests behind the collective interest, even if there is often disagreement on what the collective interest is. There is an important role for government in this respect. The measures that it is taking must score well in terms of both procedural and distributive justice. Procedural justice means that as many actors and parties as possible are involved in the design of measures and that democratic principles are respected in decision-making processes. People will often accept decisions that are detrimental to them as long as they feel that the correct procedures have been followed in order to reach those decisions. Distributive justice means that the distribution of costs and benefits is perceived as fair, with a particular focus on protecting those who are in a more vulnerable position.

Willingness to take collective action will also increase when there is a clear shared goal. That future goal will need to go beyond simply returning to the status quo before this crisis arrived. Not only is that impossible, but it is also doubtful whether it is desirable. After all, the crisis has revealed a number of significant vulnerabilities in the ‘old normal’ of our society. Our future goal should be greater resilience and a more balanced society.

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