

## **The Corona pandemic is probing our societal basis: the functioning of Services of General Interest in cities and regions**

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*People suffer from Want, Disease, Ignorance, Idleness, and Squalor*, stated Sir William Beveridge (1942), the reformist thinker of the British welfare state, whose vision should become the role model for the Nordic and inspiration for the Continental European Welfare States, amid one of the darkest times of Europe. He was designing a welfare state response for a post-WWII Britain at a time when he and others could not know how long the country and the continent would still suffer from wartime maladies. Intrinsically, the Corona pandemic is a very different threat for Europe and comparison with times of war is unfounded. However, it is arguably the most severe threat since the end of WWII, as Giuseppe Conte, Angela Merkel, and many other European heads of state concede. We furthermore cannot be sure when the direst threat will be overcome. There are different dimensions to be considered: health-, economy-, society-, and polity-related. Political emergency reactions to protect the functioning of the health care systems against the further exponential increase of the Covid-19 disease have temporarily throttled much of the free social life, trade, and labour markets as we knew them. Health and care services might provide the immediate medical relief in the face of the Corona pandemic. Yet, people will increasingly need support through financial benefits, employment schemes, the continuation of the education system, child and elderly care systems, and not least importantly, fair housing and urban neighbourhood conditions. These are all part of the functional basis of our free and overall wealthy, globally connected European society as we know it today.

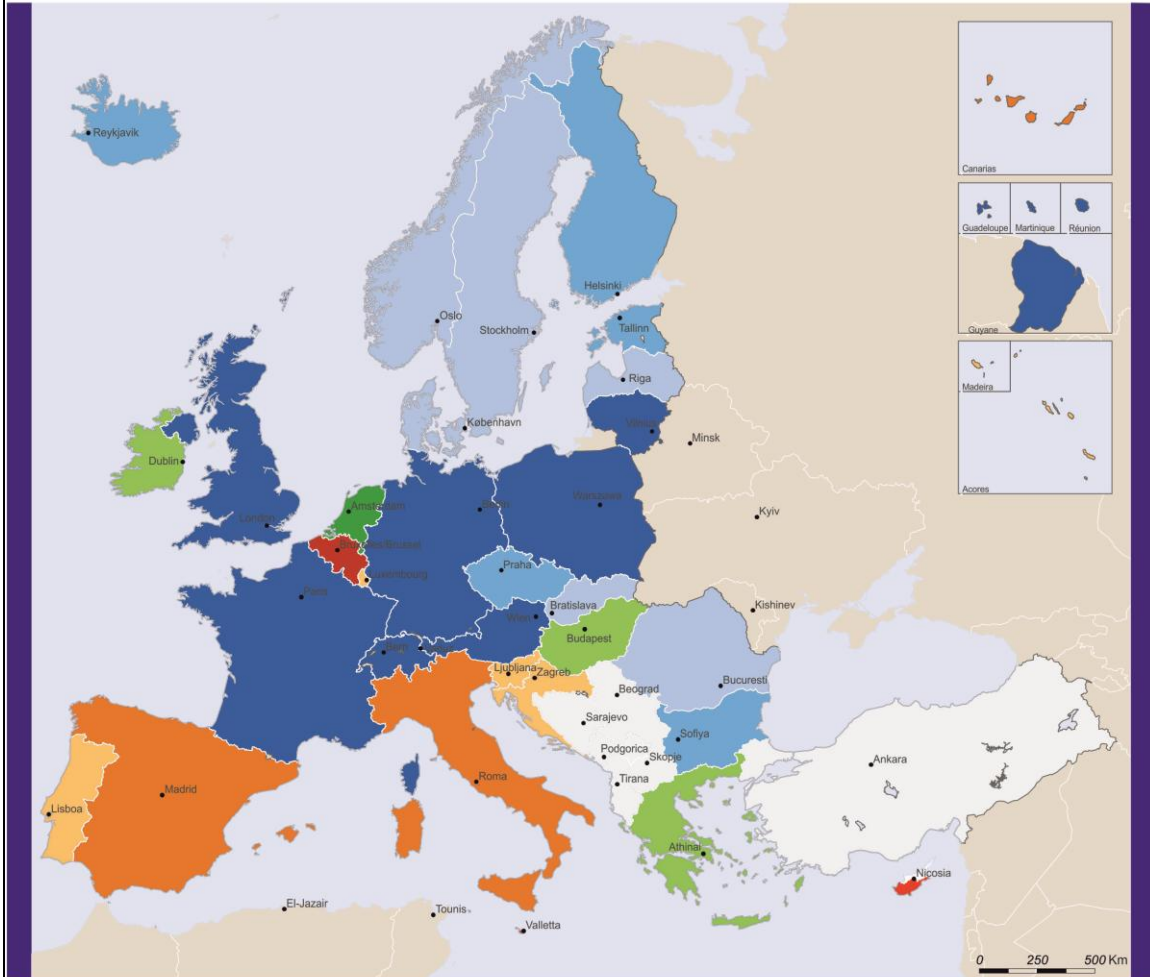
The Beveridgean five miseries give rise to the Five Pillars of Welfare as countering remedies: social insurance (against want), health care (against disease), education (against ignorance), employment (against idleness), and social housing (against squalor) (Abrahamson, 2005). The five pillars resemble what we commonly understand as *Social Services of General Interest* (SSGI) in the context of the European Union, which largely remain in hands of the national member states (Humer, 2014). On the greater EU level however, *Services of General Economic Interest* (SGEI) form part of the founding Treaty of Rome of 1957. Basic network infrastructure, such as transport, postal, and communication services are declared to be systemically important for developing a European Single Market and thus for European integration across all borders. Indeed, Faludi (2007) identifies *Services of General Interest* (SGI) as cornerstones of a European Model of Society, because they enable us to lead a life in line with our shared fundamental rights, including human dignity, freedom, democracy, as well as partaking in the market economy. The Corona pandemic has reached Europe, probing the functioning of SGIs in our cities and regions, which is nothing less than probing the functioning of our European societal principles as a whole.

The Corona virus spreads easily through inter-personal contact, it can be fatal particularly for the elderly and for people of compromised health, and there is no medication against it yet. Its spreading advances exponentially. As long as there is no counter-medication available, the only alternative to uncontrolled rising numbers of deaths is avoiding inter-personal contact through keeping physical distance. Physical distance hampers the spreading of the virus and thus contributes to flattening the curve of the number of Corona virus infections among the population over time. The steeper the peak, the greater the burden on the health care system of treating (too) many patients with severe symptoms at the same time. In reaction to these circumstances, many countries in Europe and world-wide execute strict limitations on social and economic daily life, which ultimately relies on keeping physical distance and delimiting mobility.

More or less all Services of General Interest are affected by these strict interventions. Health care facilities concentrate labour force and infrastructure to treat the increasing number of Corona virus infected people with severe symptoms at the expense of other, not immediately necessary health care treatments. Educational facilities close and teaching continues online and/or under parental care at home. A variety of shops and services must close, with the exception of those who offer consumables such as food and hygiene articles needed daily. Public transport lines and postal services reduce their frequency and end at national and regional borders; hard- and software capacities for internet communication are enhanced in order to supply the increased demand due to remote work and remote social communication. Note: this highly topical information has been gathered through following news of public authorities, public broadcasting stations, and independent print media mostly in Austria and Germany. The actual measures taken differ in their intensity in European states and regions.

Currently it appears as if all relies on the national political level to lead Europe out of the Corona virus deadlock. At least, the nation states hold the power over the most important means of dealing with the pandemic: the Services of General Interest. However, sub-national levels, cities and regions, are of key importance for their practical implementation. Widely across the European Union, the state holds principal responsibility over organising and financing SSGI. Yet, the national level is at best co-responsible in locating and delivering SSGI together with sub-national levels of authority. Ultimately, the onus rests on cities and regions to decide and implement which services are made available, accessible, and affordable in which variety and quality to their citizens (Humer, Rauhut & Da Costa, 2013; Humer, Rauhut & Fassmann, 2015). Map 1 sketches the multi-level governance structure of SSGI in the states of the ESPON space (EU28 and EFTA4). Note: this map does not reveal the financial or infrastructural volume of an SSGI system. Given the strong local and regional rooting, SGIs are inherently part of every citizen's everyday local life. Depending on one's circumstances, one goes to school, needs care, or simply uses transportation between places. The pandemic spread of the Corona virus basically affects all routines of our daily life, which are assured through the provision of SGIs.

# Politico-territorial typology of SSGI organisation



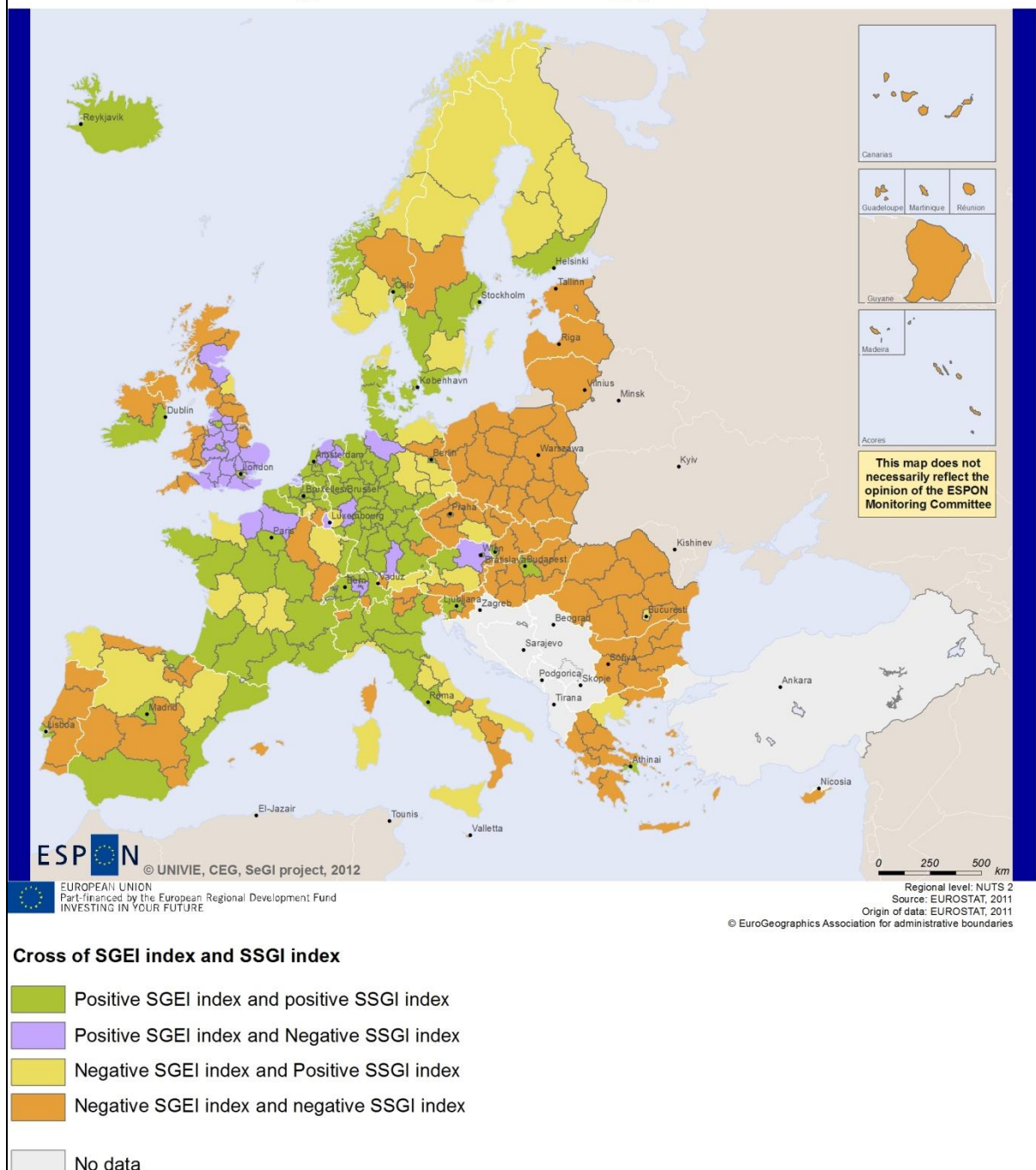
EUROPEAN UNION  
Part-financed by the European Regional Development Fund  
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Regional level: NUTS 0  
Source: EUROSTAT, 2011  
Origin of data: ESPON SeGI Activity 5 expert survey, 2012  
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No data					
types	Tendency regarding social welfare aspects		Tendency regarding administration and planning		grand types
	Production "P"	Financing "F"	Level of responsibility "R"	Territorial organisation "T"	
11 HR, LU, PT, SI	private influence		national	implicit	1 hands-off/ passive
12 ES, IT	private influence		regional	implicit	
13 CY, MT	mainly public		national	implicit	
14 BE	non profit		regional	explicit	
21 DK, LV, NO, RO, SE, SK	mainly public		local	explicit	2 hands-on/ active
22 (BG), CZ, EE, FI, IS	mainly public		national & local	implicit	
23 AT, CH, DE, FR, LT, PL, UK	mainly public		regional & local	explicit	
31 GR, HU, IE	mainly public		national	explicit	3 all-or-none/ ambivalent
32 NL	private influence		national or none	explicit	

**Map 1** (Source: Humer, Rauhut & Da Costa, 2013)

# Regional Typology of SGI



**Map 2 (Source: Humer & Palma, 2013)**

The actual level of SGI provision varies across the European territory, even if the EU policy goals referring to SGI address fair access for everyone, irrespective of place of living. With EUROSTAT data up to 2010, Humer and Palma (2013) have undertaken a comprehensive analysis of regional SSGI and SGEI provision. They detected significant patterns on two regional levels – continental and sub-national. Not surprisingly, EU-15 Member States are generally stronger equipped with SGIs than new EU Member States. Now regarding Map 2: by showing the relative performance of SGEI and SSGI in European NUTS2-regions, the map allows an interpretation of the kind of services that are given higher political importance in

various regions. For example, England is quite an outlier in European terms: the violet colour depicts regions that pay extraordinary attention to SGEI (in the interest of supporting economic functioning), while at the same time under-performing in SSGI (which includes social and health care provision).

Thus far, the discourse on Services of General Interest was dominated by the European 'cardinal question' of Competitiveness versus Cohesion (Faludi, Stead & Humer, 2015) but there is a third perspective available. Within the ESPON SeGI Project (Rauhut et al., 2013), Borges, Humer and Smith (2015) have sketched three territorial scenarios for SGIs in Europe. The first two scenarios draw on 'SGIs in a competitive Europe' and 'SGIs in a social Europe'. A third, wild card scenario was designed around 'SGIs in a green Europe' with the underlying assumption that both markets and states cannot fully deal with the situation any longer. It is not precisely about what we are witnessing these days during the Corona virus pandemic. However, the assessment was that territorial consequences, be it for peripheral rural regions or metropolitan areas, are more difficult to foresee for SGIs under this third scenario, compared to the market or state scenario. The third scenario is one in which civil society takes up a primary role in SGI co-provision and local territories become detached from global networks (due to assumed delimitation of CO<sub>2</sub> intensive transport). Borges et al. (2015) in any event assigned high ecological sustainability to that third, radical scenario, together with high uncertainty for future regional development. At least temporarily, Europe is in a situation where international transport connections are cut down, borders closed, and states or sometimes isolated localities become self-sustained in terms of maintaining SGIs and basic supply. Additionally, this situation requires a substantial contribution by civil society and the recruiting of voluntary aides and military reserves, for example in sustaining care services, food supply, and energy supply. What we may learn from this third SGI scenario is that in severe times of crisis, only the regional coordinated efforts of market, state, and society can jointly uphold the functioning of Services of General Interest.

Under the immediate impression of the ongoing Corona pandemic, a pure market-driven economic growth logic appears ever more questionable for regions. Let us consider, for example, the Export Base Theory, an influential economic theory for regional policy. It labels those industries that export their products and services – and thus add to the growth of regional GDP – as the 'basic sector' of a region. In contrast to that, economic activities that remain within the region and 'merely' sustain the functioning of a region are subsumed under the 'non-basic sector'. It might only be unlucky terminology, but the ongoing Corona crisis strikingly illustrates which economic activities are of basic importance for cities and regions. It is those services that keep up the health care, food supply, education and training, and quality of living. Similarly, this has been discussed in the Foundational Economy discourse (Engelen, et al., 2017; FEC, 2018) to which Franz and Humer (forthcoming) will add the increasing importance of involving social innovation and empowering civil society in 'grounding' cities and regions through SGIs.

In the situation of March 2020, it is ever more recommendable to defend and strengthen the five Pillars of Welfare, the Services of General Interest, for mitigating the societal consequences of the current Corona pandemic, and for preparing the ground for a successful reboot, post-Corona pandemic, in Europe. This recommendation holds true even if we cannot yet fully foresee how long and how severe the societal crisis caused by the Corona virus and accompanying measures will probe our European cities and regions. Not least importantly, well-developed SGIs can help to transfer the many innovative social practices that are currently developing in the face of this crisis onto post-crisis times. Be it a new level of employing e-communication, be it re-valued family ties, or be it care and support within neighbourhoods; this crisis and how we cope with it as a society will in any event not bring us 'back to normal' into a pre-crisis state. It will bring us forward to a new normal. As long as we continue to adhere to the principal values of the European Model of Society, SGIs will remain being of key importance also in our local and regional 'new normal' after the Corona crisis.

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