## Contents

1.	New trends and challenges post-COVID and post-war: an introduction to Volume II			
	Intr	oduction	9	
		The period leading up to the current crisis		
	1.2.	The current crisis	11	
	1.3.	Crises and the twin transition	13	
	1.4.	Fiscal policy, public expenditure, and social cohesion	14	
	1.5.	Social cohesion, trust, and political discourse	15	
	1.6.	Innovation and finance	16	
2.	Eco	nomic challenges post-COVID-19 ()	.18	
	Intro	oduction	18	
	2.1.	Understanding growth post-COVID-19 and the growth policy agenda	.19	
		2.1.1. Sustaining the economy post-COVID-19: the short run 2.1.2. Sustaining productivity: the long run 2.1.3. The green transition	.20 .21	
	2.2.	New macro environment: increasing interest rates and persistent larg		
		2.2.1. Public debt sustainability and fiscal space	.24 .25 .25	
	2.3.	Is the EU ready?	.27	
		2.3.1. EU safe asset		
		2.3.2. Monetary-fiscal coordination		
		No monetary financing      Siscal framework		
3.		v will COVID-19 affect trust in the European Union? ()		
		oduction		
		Trust in Europe		
	3.2.	Effect of epidemics	36	

	3.3.	Steps forward	42					
	Con	clusion	45					
4.	Cas	Case study of Spain and Germany during the COVID-19						
	par	ndemic	49					
	Intr	oduction	49					
	4.1.	Literature review: the effect of crises on trust in politics	50					
	4.2.	Methodology						
	4.3.	Primary research Germany						
		4.3.1. COVID-19 pandemic in the national political context						
		4.3.2. Pandemic events	57					
		4.3.3. Political events						
		4.3.4. Research findings						
		4.3.5. Trust signal analysis						
		4.3.7. Analysis						
	44	Primary research Spain						
		4.4.1. COVID-19 pandemic in the national political context						
		4.4.2. Pandemic events						
		4.4.3. Primary research findings						
		4.4.4. Analysis						
	Disc	ussion	77					
		clusion						
	Ann	ex	81					
5.	The	macroeconomic implications of the green transit	: 07					
		oduction						
		Green transition as a process of structural change						
	5.2.	Macroeconomic dimensions of the green transition						
		5.2.1. A negative supply shock and other shocks						
		5.2.2. International trade						
	5.3.	Transition risks and macro-financial stability	95					
		5.3.1. Climate change as a source of financial risk						
		5.3.2. Challenges for central banks						
	5.4.	Some policy issues	101					
		5.4.1. Carbon pricing						
		5.4.2. The case for green investment						
		5.4.3. Scaling up green finance						
		J.4.4. DISTIDUTIONAL HIPACLS – A TAIL TRANSITION	107					

	Con	clusions	108		
6.	Public spending and government performance in Europe and Asia: Tigers today and in the future112				
	Introduction				
	6.1.	Public expenditure patterns in Europe and Asia	113		
		6.1.1. Total expenditure			
		6.1.2. Education expenditure			
		6.1.3. Public investment			
	<b>6</b> 3				
	6.2.	Public spending and public sector performance in Europe and Asia			
		6.2.1. Total spending and framework conditions for the economy			
		6.2.3. Public investment and infrastructure quality			
		6.2.4. Social protection expenditure and income inequality			
		6.2.5. Total expenditure and public debt			
		6.2.6. Public spending and per capita GDP PPP			
	6.3.	Emerging economies of South-Eastern Europe and Asia: who will be	e the		
		next 'tigers'?			
		6.3.1. Economic framework conditions and future 'tigers'	138		
		6.3.2. Human capital and future 'tigers'	139		
		6.3.3. Infrastructure performance and future 'tigers'			
		6.3.4. Synthesis on the prospects of future 'tigers'	140		
	Con	clusion	141		
7.		ovation and Cohesion Policies in the context of Globa			
	Cor	npetition: Towards a European 'Venture Commons' ()	143		
	Intr	oduction: is anything wrong with the current EU innovation			
		policy?	143		
	7.1.	Innovation vs./and Cohesion	145		
	7.2.	Entrepreneurial Ecosystems (EES) and the role of "venture			
		commons"	149		
	7.3.	The iron (power) law of innovation ecosystems			
		Reconciling Innovation and Cohesion Policies			
	7.1.	Recording innovation and conciton rotteles	104		
8.	Post COVID-19 corporate vulnerabilities, risks for the				
0.		overy or opportunities for changes?	168		
		oduction			
	8.1.	An overview of the impact of the policy support measures	170		
	8.2.	Allotment of the policy support	173		

		8.2.2.	Nature and intensity of the policy support deployed in EU economies. 174 The support went to the firms most affected by the crisis				
	8.3.	The p	olicies' effectiveness183				
		8.3.1.	Some evidence that the policy support contributes to the investment rebound				
		8.3.2.	Some evidence that the policy support has enabled financial expansion 187				
		8.3.3.	Some evidence that the policy support fastens firms digitalisation 188				
Conclusion19							
Acknowledgements							