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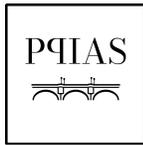
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## THE END OF "NORMAL TIMES" OR A "NEW NORMAL"?

### My Experience as the Minister of Economy and Innovation of the Republic of Lithuania

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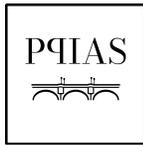
#### ABSTRACT

The past decade in Europe has been marked by recurring crises that have reshaped economies, societies, and policymaking. This paper reflects on the experience of leading Lithuania's Ministry of Economy and Innovation during three major disruptions between 2020 and 2024: the COVID-19 pandemic, Chinese coercive trade measures, and energy price inflation following Russia's war in Ukraine. Drawing on first-hand observations, the paper identifies recurring patterns in crisis management, comprising three successive stages—shock and uncertainty; liminality, or temporary measures to buy time; and the implementation of long-term solutions. It argues that while each crisis differed in nature, effective management consistently depended on decisive leadership, institutional cooperation, and the ability to transform challenges into opportunities for structural change. The Lithuanian case demonstrates that diversification, adaptive policymaking, and clear communication can sustain economic resilience even in an era where “normal times” no longer exist. The analysis concludes by outlining broader lessons for democratic governance in the age of permanent uncertainty.

## INTRODUCTION

A look at the past decade in Europe reveals continuous turbulence and crises: the 2008-2009 financial crisis, the illegal Russian annexation of a part of Ukraine, Crimea, in 2014, that caused new dilemmas among European leaders and was followed by sanctions against Russia. The 2015 migration crisis from the Middle East and Africa, the 2016 Brexit vote that was followed by the whole Brexit negotiations process, the 2020 COVID pandemic, and finally, Russia's 2022 war in Ukraine. All these events had significant implications and spill-over effects for our economies, political systems, and mental health.

The only clear thing about the future is that we don't know what it brings. “Normal times” are over. Policymakers must recognize this and deal with it.



I began my political career as a city councillor in Vilnius, the capital of Lithuania, and went on to spend ten years in professional politics. This included serving for eight years as a member of parliament, founding and chairing the liberal party *Laisvės partija* (Freedom Party) with more than 3,000 members that later became a coalition partner, and serving as the Minister of Economy and Innovation from 2020 to 2024.

The Lithuanian government I worked in was tested with the ‘new normal’ numerous times when I was in office, between the years 2020 and 2024. We dealt with COVID-19, Chinese coercive measures in bilateral trade, the illegal migration crisis from the Middle East, energy price inflation, and let alone, the war and instability in the neighbouring region with the whole package of disruptions involved.

My experience as the cabinet minister is, of course, related to the case of one country—Lithuania. It involved global events and external actors; however, I understand that the small details of our national policy may not be particularly interesting to the foreign reader.

Keeping all that in mind, I want to reveal the broader relevance of my experience. I am going to briefly cover three crises and how we addressed them in the government and at the Ministry of Economy and Innovation of Lithuania: COVID-19, Chinese coercive measures in bilateral trade, and energy price inflation that was caused by the Russian attack on Ukraine. These three events are the focus of this article.

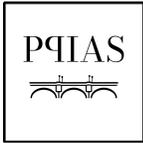
It felt like all these crises were temporary, and we had to continue with the belief that ‘normal days’ would return. I kept telling my team that it would be easier once COVID passed. It never got easier. Finally, when the war in Ukraine broke out, I realised that ‘business as usual’ and ‘normal times’ as we knew them would never come back.

I must note in advance that despite it being an extremely tense time, the Lithuanian economy managed to withstand all of it. Throughout these turbulent years, we not only avoided recession, on the contrary, we managed to sustain the steady growth, be it in purchasing power or GDP overall. In fact, when we left office at the end of 2024, our economy was in the best shape since the restoration of our independence in the 1990s. It did require substantial effort, though.

I am grateful to the Paris Institute for Advanced Studies for giving me the space to reflect on my experience and share it with a wider audience.

I first heard a powerful metaphor from Professor Barry Rogers of the London School of Economics, whom I met during my time at the Paris IAS—one that describes the process of moving from the ‘swamp’ to the mountain-top, and back again (Rogers, 2025).

Public policy ‘swamp’ is the daily flow of ongoing operations, mostly within the organisation itself: it is usually full of details, nuances, interests, intrigues, failures, and successes. When you are in the midst of the crisis, it is difficult to leave the swamp and come up on the mountain top, but it is possible. From the mountain top, one may see the full picture of what is happening, as



well as what has happened, and the horizon – what may come next. Then you have to return to the swamp again to the swamp again.

My experience in politics was mostly operating in the swamp. Only now I have the privilege to leave the swamp of details and nuances, come up on the mountain top, to see the whole picture, what actually happened.

What I see is that, despite the fundamentally different nature of these crises, managing them often followed very similar patterns and stages. The same stages recurred throughout all three events: 1) Shock, uncertainty, and chaos; 2) Liminality or temporary measures implemented to buy time; 3) Long-term solutions developed to address the problems, as well as new horizons that emerged when solving them.

Once you realise it, it may be easier to handle critical situations in the future. At least this is how it felt at the very end. I hope this personal experience may be of some universal use both for decision makers who deal with difficult situations in their office and political scientists who analyse public policy.

## **PART 1**

### **Shock, Uncertainty and Chaos**

The President of Finland, Alexander Stubb, often says that we human beings tend to over-rationalise the past, over-dramatise the present, and underestimate the future. I believe this is the universal truth, especially regarding the overdramatisation of current events.

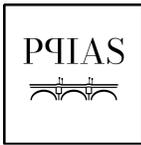
The three major crises of my time in office — COVID-19, Chinese coercive measures in bilateral trade, and energy price inflation — each provoked a strikingly similar public response. This may be characterised by shock and confusion among the public and businesses.

### **COVID-19**

We took over the office in December 2020, when COVID was already there. In 2020, the number of COVID-related deaths reached hundreds, but the situation began to deteriorate significantly in the autumn. By the time we started working in December, the death toll was already being counted in thousands.

Ironically, despite the fact that deaths caused by the virus were growing rapidly, some of our voters hoped that we would lift quarantine restrictions immediately after taking the government. It was never our promise, but somehow it felt like people were already fed up with the new reality and wanted some change.

What we did was the contrary. On the very first meeting of the new cabinet, we were presented with the new numbers of cases and a couple of alternatives to tighten the quarantine rules. December is normally a cold winter in Lithuania, and as always in autumn and winter, all the viruses thrive. Let alone the pandemic.



When we took over the government, the renewed quarantine had already been in place for over a month. However, the outgoing government surprisingly (or not) did not provide much assistance to those most affected by the restrictions. We had to plan finances, develop financial instruments, secure the EU Commission's approval, and build consensus among institutions and the business community to ensure that these tools were sufficient, all from scratch. Finally, we had to put everything into effect.

We took office in mid-December 2020. In the second half of December and the beginning of 2021, it appeared that we were already late with the state aid schemes that would help respond to the stricter quarantine rules. Typically, new governments have their first 100 days in office, during which they are not heavily criticised. That was not the case for us.

In these kinds of situations, nobody is happy; you must choose among bad alternatives. The anticipation among people and businesses for an easier quarantine was met with a rise in new COVID cases, new restrictions, and financial support that, at the time, was perceived as insufficient.

As elsewhere at that time, every decision was followed by immediate criticism coming from different actors, be it the stakeholders like business organizations, opinion leaders, influencers, or the public on the socials or the streets.

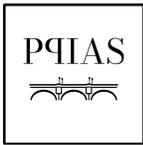
The business community also proposed conflicting solutions. Representatives of shopping centres argued that a shopping centre is a safer place than an outdoor market and vice versa. Which is safer - a rural tourism homestead or an art gallery? Which should be opened first? How many square meters of retail space should we fence off to be safe? Everyone wanted quick and high-quality, and most importantly - favourable solutions for them.

Different actors made conflicting statements and shared conflicting and contradictory proposals and strategies. When the crisis hits, everybody knows how to handle it. It does not matter whether it's a global pandemic or a football match. Most of us are experts. And politicians are doing it all wrong!

How to contain the virus without hurting your business? Especially services that are small, self-employed, or family owned and naturally most sensitive and affected. Businesses such as restaurants and bars, tourism, beauty services, culture, sports, and any other activities that involve human contact. How to preserve people's lives without killing your economy and putting people out of work? These were questions and dilemmas for us to consider in the beginning of 2021.

Later, it was worse. When introducing the national vaccination certificate in May 2021 and the vaccination strategy in the second half of 2021, it was the gates of hell that were opened. These were tough decisions that were followed by protests, hate, and riots.

At that time, it seemed essential to look for and identify decisive, although potentially unpopular, solutions that could inspire hope for change. It became clear only sometime later that we risked our political popularity by proposing a vaccination passport. This proposal was not



immediately welcomed by either some actors within the ruling coalition or government institutions. Meanwhile, our argument was simple: we must try. If there is a vaccine available, why should we sit back and do nothing?

In other sections of this paper, I will share more about the vaccination passport and the measures taken to address the COVID crisis, as well as how it all eventually ended.

As COVID continued, at the very peak of decision-making, there was a complete fog. There was no light at the end of the tunnel. No one knew how much longer it would last. I somehow dismissed the possibility that it could go on for about a year more. In times of crisis, you just focus on surviving through another day.

Ultimately, we managed to get back on the path of economic growth, avoiding waves of bankruptcy while maintaining one of the softest quarantines in Europe. That is a fact. But it was an extremely tense time.

COVID was a horror series that we all lived through, and most of us want to forget about it as soon as possible. For my team and me, we had to brace ourselves for another situation waiting just around the corner.

### **Chinese coercive measures in bilateral trade**

Since the end of 2020, Lithuania has begun to intensify economic relations with Taiwan. This seemed reasonable, as Taiwan is one of the most advanced economies in the world, particularly known for its robust semiconductor and electronics industry. Other EU countries had been actively strengthening their relationships with Taiwan for quite some time; naturally, we wanted to promote our bilateral relationship.

For instance, Lithuania is recognized for its niche expertise in ultra-short pulse laser technology, which we aimed to promote further in Southeast Asia. The fast and progressive Lithuanian fintech ecosystem has become a gateway to the Eurozone for many companies around the world. We aimed for more cooperation with Taiwan in these and many other industries.

In addition, Lithuania gradually began to withdraw from the international cooperation format known as 17+1. It was an odd platform where Central and Eastern European countries and the People's Republic of China built their bilateral cooperation.

Personally, I found it completely incomprehensible why such a divisive format existed at all. Central and Eastern European countries were striving for their place in a strong, united Europe for decades, so why weaken and divide it with a separate format with China? It made sense to keep a distance from this arrangement, as the united Europe should communicate with China in one voice. Brussels should represent the EU Single Market in discussions with Beijing.

Thus, Lithuania withdrew from "17+1" and subsequently allowed Taiwan to open its representative office in Vilnius. In my view, these two decisions were not directly related.



The nuances of the Taiwanese representation office name sparked China's dissatisfaction.

In Lithuanian and English, the office was called "Taiwanese," while in Mandarin, its name was translated into "Taiwan." According to the Chinese side, this violated the "One China" principle, as it implied recognition of Taiwan's statehood.

It should be emphasized that Lithuania has never targeted China in its decisions. Our aim was to increase our overall cooperation with Taiwan at all levels, as well as to diversify and strengthen economic cooperation (we later opened our trade office in Taipei as well). However, this had economic repercussions.

On the 1st of December 2021, at the customs of Chinese seaports, an odd and unusual thing happened. All of a sudden, it was impossible to declare goods originated from Lithuania as such a country simply 'did not exist'. Obviously, it was very much alive, but as it was for the digital customs system in China, our country ceased to exist. Thus, our technologies, food, beverages, and even peat stopped at the customs in China.

It was an attack not only on Lithuania but also on the European Single Market, as everything is well integrated and linked here in Europe. Obviously, it hurt our investment climate, our image, and our businesses, including both local and multinational companies that had operations in Lithuania.

Shock and uncertainty among businesses hit again. Did they lose the Chinese market for good? What about their partners in China and their expectations? What about our partners around the world who integrate Lithuanian-made components and deliver them to China? Too many unknowns.

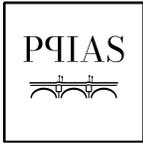
Now, suddenly, everyone on social media became an expert on Lithuania-China relations, an expert on Taiwan, and again, an expert on how to handle the burning situation at the Chinese customs. Some of the COVID state aid measures still existed but it seemed that we needed additional actions.

I will tell you later how we finally dealt with the Chinese coercive measures. However, any problem we had at that time turned out to seem small on the 24th of February 2022. That morning, Russia invaded Ukraine and attacked its capital, Kyiv.

### **Energy price inflation**

Any person from Central and Eastern Europe remembers that day vividly. My generation was lucky to be born into peaceful Europe. In February 2022, it seemed this peaceful world was over. All these stories our grandparents and parents told us are coming back. It can't be! It's a different world now! Denial. Sadness. Anger. It's been four years now with the Ukrainians fighting this war.

War is always a multi-layer reality. As most neighbouring countries, we welcomed the refugees, planned and provided aid, both military and humanitarian, provided help for the



businesses that were temporarily forced to relocate from their country, and many more things happened. The focus of this article is on energy price inflation that was caused primarily by this war.

In 2022, the inflation rate in the EU was about 9.32 % compared to the previous year. Skyrocketing. In my country, it was 19.71 %.

The key driver for the inflation was not the oversupply of money. The war led to reduced natural gas supplies and volatility in oil markets, impacting energy costs across Europe. Being a small open economy - primarily an exporting country - that imports a great share of its energy consumption and does not have sufficient resources of its own resulted in double-digit inflation.

Our manufacturers were among those who were hurt the most. This is what we call ‘a traditional industry’, for instance, producers of glass, furniture, chemicals, and other energy intensive sectors. These are complex factories that consume a lot of energy. Some of them were smart to go green long ago. Some didn't do it because of their business model, and it was impossible to transfer quickly.

The manufacturing industry was the driver of our exports and at that time composed around 23 % of our GDP. Late summer 2022, these companies faced particularly dark days. There was a feasible probability that most of our key manufacturers would simply go out of business. No one wants to be the minister of economy that day.

### **What did the three crises have in common at the very beginning?**

Shock, uncertainty, and chaos—these are the common elements that all three crises we managed shared throughout.

At the very beginning of each crisis, everything feels overwhelming. Uncertainty surrounds the decision-making process; stakeholders and the public are anxious, criticism, noise, social media, and conventional media attention are all coming from every direction at the same time.

It especially becomes heated on social media; in the Lithuanian case, at the time, Facebook was the most popular social media channel. Opinion leaders, politicians, analysts, decision-makers, and citizens use this channel to express themselves. It has taken on the role of a public “agora.”

This space is usually intense, and during times of crisis, it becomes even crazier. Clearly, nobody really knew how to deal with COVID or the consequences of war. These were force majeure events, and there was no detailed playbook or experience on how to navigate through them. Everything seems simpler on social media, though.

Naturally, every piece of news is discussed instantly, and every step taken by the government is criticized by opponents or praised by supporters. Sharp criticism always attracts more attention and spreads faster.



It was quite fascinating to learn how the highest-ranking decision-makers are affected by this environment. Essentially, people with the largest number of followers, who use the sharpest language, and who share their reactions promptly, can drive the entire government crazy. They are not briefed or fully informed; they are not responsible for solving the problems, nor are they experts. Yet, they hold tremendous influence.

As social media becomes the primary news channel, traditional media follows this flow. There are no breaks in this constant stream. It creates an extremely noisy environment in which you operate.

This environment impacts your day as a decision-maker, as you and your team try to stay as open as possible, communicating and explaining the situation and your decisions. However, the pace is so rapid that it is almost impossible to keep up.

It influences the decision-making process, as opinions can lead you and your colleagues to reconsider proposed decisions and your reactions to them. This is how democracy works — sometimes it is a positive thing, but at other times, it may cost us the best decisions.

In these situations, continuous chaos becomes business as usual. Your ongoing attempts to manage the fire become your daily routine. At first, it seems extremely new and unusual, but then you start to get used to it.

As human beings, we have a deep-seated desire to be liked by others. We tend to avoid dealing with excessive criticism from those around us. Now imagine politicians. They are also human beings with the same desire, but in addition, they are political animals. There is always a game going on in how the public, your supporters, stakeholders, colleagues, and opponents portray you. Are you defining yourself, or is anybody else going to define you?

Then imagine any crisis on top of it.

Frank Underwood from 'House of Cards' has put it simply: "Hunt or be hunted." This 'industry' is always a jungle. However, in times of crisis, your role isn't just to survive or be liked by others; it's to actually solve the problem and deliver results.

Now you can't get too much involved in social media, reading what other people are talking about you and your decisions. That may be tempting in the very beginning, but then you will simply lose yourself. Do not pay too much attention to what is going on there; turn off that noise. Someone once said, 'what other people think of me is none of my business'.

In the meantime, it is crucial to keep in touch with the public and your stakeholders. Not only publicly but also off-the-record. Both media and your stakeholders need a more complete picture of what is behind the situation.

Every proposal or decision must be explained not only in the public press conferences, but also off the record for journalists and the media. It is important to provide them more background, while in press conferences you provide more concentrated information. Same with the



stakeholders. In my case, it was the business community. Constant meetings and public consultations were essential. I have heard that it was ‘not enough’, but with these volumes of information and the pace at that time, we did what we could.

Every critical situation we dealt with was even more difficult because of the constant lack of support across the political spectrum, within the government apparatus or even the ruling coalition. A series of power games is the daily routine. Unfortunately, too often, it was a “zero-sum game,” where someone's problem is always someone else's victory. So why help?

I am not only referring to the classic political spectrum divide: position versus opposition. But also, to the dynamics within the ruling coalition and the government apparatus itself. If one coalition partner faces difficulties and bears responsibility, another sees this as an opportunity to appear on the side, comment on the situation, and share advice in a way that potentially gains more points in the public.

Thus, you not only deal with the crisis itself and the system you are directly responsible for, but also, centres of power within the coalition and the government, opposition, the president, your own political party, and the public opinions.

Basically, all the time we were muddling through the swamp with the frequent lack of cooperation. Someone always tries to drag you back. Sometimes it is just for the sake of bureaucracy. Sometimes they don’t feel they support your proposals, as the government is not a single unit; it may have different visions within. Sometimes, they simply do not support you.

We found both short-term and long-term solutions only when we succeeded in building broader support for them.

For example, the national vaccination passport would never have seen the light of day had the Ministry of Economy and the Prime Minister’s Office not worked in full alignment.

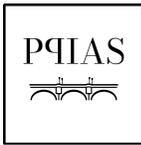
Even though the Ministry of Health was particularly skeptical at the very beginning, and other coalition partner party openly expressed their criticism for our proposal, we began building consensus through an alliance between my-led coalition partner Laisvès Party and the major coalition partner, the Conservative Party, along with their leaders. Then the rest followed.

There was significantly less resistance in the cases of trade diversification and energy. Essentially, the criticism was mainly about the problem-solving pace being “too slow,” rather than the core of the proposals themselves. I will present them in the following parts of this paper.

## **PART II**

### **Liminality Or Temporary Measures to Buy Time**

We tend to think that many crises have one or two major solutions that must be pursued immediately. Being at point A we must reach Z. However, there is the whole trip through the rest of the alphabet in between. It is not so black and white; there are many shades and colours in the process.



You need time for a long-term solution to be built and take effect. However, you must also address the urgent situation right in front of you. Send the message to the public that you are working on a long-term solution while simultaneously taking immediate action to mitigate the current situation.

In this stage of crisis management and decision-making, it's important not to overthink and to arrive at decisions quickly. I consulted numerous professionals, economists, academics, and business leaders while working toward my final decisions. What I learned is that no one truly knows what the best choice is; ultimately, you must seek your own cognitive closure.

Cognitive closure (Kruglanski & Webster, 1996) is a concept from psychology that describes our innate desire for clear answers and resolution, particularly in uncertain situations. People often feel uncomfortable with ambiguity and rush to conclusions, which can lead to premature decisions.

On the other hand, in the context of crisis policymaking, you usually have a few alternatives on the table to consider and decide upon. There comes a point where you must stop overthinking, avoid endless analysis paralysis, and make your decision while remaining open to further exploration. Some developments are simply beyond our control.

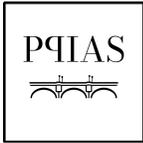
This approach is especially important when dealing with economic uncertainty. Our expectations impact our economies; thus, the signals that decision-makers send may either help or harm. This may involve some trial and error in your decisions, as you have limited experience and information to rely on. To put it in a more direct language: you are not sure what would work and what could fail. But you must try.

I am liberal, and if someone had told me ten years ago that I would one day be working on a tool that allowed some people to enter supermarkets while restricting others, I would have said it was impossible. However, the national vaccination passport introduced by the government was precisely what my team and I proposed and worked on.

The idea was simple: if you received your COVID vaccination, you could enter public events, supermarkets, restaurants, and bars, access certain services, and so on. Once we received the first vaccines and were able to offer them to more people, it seemed unreasonable to force them to remain in quarantine at home. It looked like we were punishing responsible and self-conscious people. I wanted to change that and open our economy as quickly as possible. We introduced the national vaccination passport that also served as an incentive to get vaccinated and raised awareness about the entire vaccination process.

We were the second country in Europe to do that — first was Denmark, then Lithuania. The country, of course, was divided. The atmosphere was tense, especially when the government proposed applying the certificate in the workplace, limiting COVID testing as an alternative. While this proposal was never implemented, it was received poorly.

The introduction of the vaccination passport was a method of trial and error: extremely risky and controversial, but it worked. Our economy kept on growing, and we managed to contain the



virus. Once COVID ended, the Ministry of Health also acknowledged that it had been the main incentive for people to get vaccinated. This acknowledgment was important for me to hear, especially given their initial scepticism about our proposal.

When discussing the remaining instruments, the primary measures we implemented during the COVID-19 pandemic were counter-cyclical fiscal policies. And it was just the same when responding to Chinese coercive measures and energy price inflation. The main objectives were to maintain the competitiveness and liquidity of companies while effectively buying time. During the pandemic, our approach involved elements of trial and error. It ultimately turned out to be successful. Why wouldn't it work again?

The temporary measures aimed at sustaining business competitiveness during COVID-19 included financial assistance in the form of subsidies and loans, as well as continuous consultations with business associations and companies regarding how quarantine decisions, regulations, and financial support for businesses are affecting their situation.

Following the Chinese disruption of our bilateral trade, we faced a significant challenge as food, beverages, and high-end products were stuck at Chinese customs due to trade restrictions. To address this issue, Ministry of Foreign Affairs launched a hotline specifically for businesses affected by these delays. We collaborated with international partners to redirect some of the stalled goods to other Southeast Asian markets.

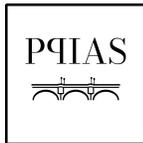
Additionally, the government enacted measures to support businesses, including a program designed to assist small and medium-sized enterprises in locating new markets and partners. This was supplemented by a loan initiative to provide financial assistance to businesses experiencing liquidity shortages.

We had both ad hoc formats and permanent consultation platforms at the Ministry. These involved gathering representatives from business associations to discuss our proposed crisis management strategies and actions. Typically, we prepared proposals beforehand and presented them for discussion prior to making official decisions.

During the COVID-19 pandemic, an expert committee operated near the Government, comprising health specialists and business representatives. Our representatives also participated in explaining proposals or gathering feedback, especially when regulations affected the business environment and the economy.

Naturally, since the pandemic impacted the entire country and all sectors without exception, consultations were held in broad formats involving all business associations. These ranged from manufacturing and the restaurant industry to market vendors.

In cases of trade restrictions with China or energy price inflation, we conducted consultations with the sectors most affected—exporters and manufacturing companies. Essentially, the process was very dynamic, and even after launching support instruments, their regulations and government decisions were continuously adjusted to be more targeted and to assist those most in need.



Continuous dialogue with businesses and financial support were essential temporary solutions at this point.

For government spending instruments to take effect, it is necessary to notify the European Commission and obtain its approval. To maintain fair rules within the Single Market and ensure a level playing field, the EU has implemented strict regulations on state aid and competition. Which is good.

It was striking to observe that, in the very early days of the crisis, a united Europe did not exist. While Europe eventually managed to coordinate common actions, initially, each country was on its own.

This was evident during the pandemic, for example, with medical devices and other supplies imported from China or other countries. These items, intended for one EU member state, were occasionally detained by another member state and not passed on to the destination country.

Only later did Europe agree on a collective approach to vaccine procurement, which was especially important for countries like Lithuania. The energy cost inflation crisis demonstrated this again.

When you see the governments of Germany and Poland introducing generous state aid packages and compensation for businesses facing the energy price shock, you are left with little choice. You either follow them, or your businesses risk losing competitiveness compared to their foreign counterparts. These times are particularly challenging for smaller countries. And costly.

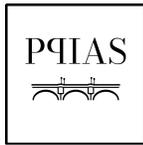
In response to energy inflation, some of the short-term measures we implemented included the government's decision to cover half of the excess costs, the introduction of tax holidays (tax reductions), and a €30 million subsidy for energy-intensive businesses. Additionally, €600 million was allocated for solar power installations, along with VAT relief for the catering and cultural sectors, as well as the introduction of various other financial instruments. This amounted to a €2.5 billion aid package planned for Lithuanian businesses, which included measures designed for both the short and long term (a substantial package, to compare with a €21.5 billion State budget in 2022)<sup>1</sup>.

An enabling factor for governments like Germany or France to enhance green energy subsidies was the Inflation Reduction Act introduced by the government of the United States. Companies were leaving the EU in search of more favourable financial incentives in the U.S.

It seemed that the subsidy race inside the EU had started. It was the solitary voice of Commissioner Margrethe Vestager who emphasised that subsidies alone would not solve all our problems. Europe coordinated its actions eventually, but in the years to come we will remain with the public spending strategy to solve the immediate challenges we face.

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<sup>1</sup> [https://finmin.lrv.lt/uploads/finmin/documents/files/BIUDZETAS%20GLAUSTAI\\_2022\\_EN.pdf](https://finmin.lrv.lt/uploads/finmin/documents/files/BIUDZETAS%20GLAUSTAI_2022_EN.pdf)



I am not saying this is inherently negative; I have advocated for it numerous times. However, I believe that Commissioner Vestager was also correct at that time. We need a functioning Single Market, which also entails regulating less and accelerating more. Especially keeping in mind that the EU continues to impose limitations on itself.

Our traditional sources of competitiveness are being restricted, particularly as Europe gradually harmonizes its taxation systems, as well as reduces overall speed and flexibility. For instance, around 80 percent of national regulations come from EU legislation that businesses must comply with. We developed the whole methodology to measure it.

Coming back to the stage of ‘buying time’, it closely resembles what scholars of anthropology or psychology call ‘liminality’. A term that, etymologically speaking, refers to the threshold of a house, which appeared at the beginning of the 20th century in anthropology research (Turner, 1974) to designate the changes of status performed during the rites of passage<sup>2</sup>.

A doorway is a liminal space because it marks the boundary between inside and outside, between one room and the next. A highway is a liminal space between the starting point and the destination. An airport is a transition point between here and there<sup>3</sup>. It is an unfolding process to travel from one destination to another.

It was obvious that the quarantine and vaccination passports were temporary solutions to contain the virus. No democratic country would live under such heavy restrictions for an extended period. However, the production and distribution of vaccines took time. Similarly, diversifying export markets is not something that can be done overnight. It is impossible to find new partners immediately after losing China. Likewise, building new wind power farms and transitioning large factories to green energy cannot happen overnight. There is a process involved. Thus, you need measures to buy time.

The previously described temporary (and often costly) measures represent precisely this ‘liminal space’ in policymaking — a phase intended to buy time or to move from the current situation toward the desired outcome, namely, solving the problem. It seems that it is usually overlooked and forgotten. Mostly because nobody cares about temporal stages, except for those affected and responsible.

### **PART III**

#### **Long-term Solutions and New Horizons**

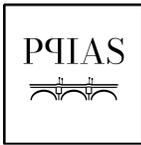
Once we bought time, we simultaneously focused on the long-term solutions to address the challenges.

One may ask how to effectively balance and prioritise immediate measures with long-term solutions. In my view, the answer depends on the specific circumstances of each situation. Some

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<sup>2</sup> “Liminality”, *Performascope: Interdisciplinary Lexicon of Performance and Research-Creation*, Grenoble: Université Grenoble Alpes, 2021, <http://performascope.univ-grenoble-alpes.fr/en/detail/177845>

<sup>3</sup> <https://performance-lab.huma-num.fr/en/detail/177845>



long-term strategies are already in place, but a crisis often accelerates their implementation—such as in the case of the energy sector or when diversifying our export markets.

On the other hand, when you are in a responsible role, you are most likely to prioritize short-term measures first. In short, my experience has shown that the first step is often to address the more immediate needs - like ensuring we have something to eat - before trying to understand the root causes, such as why we are hungry and how to solve it.

Each crisis also represents a significant window of opportunity, through which new horizons shine. This was the case during all three crises. Some success stories were pursued strategically over a long period of time. For some, there was luck involved. I believe it is important to emphasize that, at the end of the day, by managing crises, it is possible not only to solve the problem but also to achieve significant victories where perhaps no one anticipated.

In response to Chinese coercive measures in bilateral trade, the long-term plan was to diversify our export markets as much as possible.

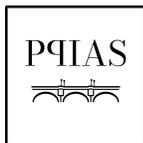
China was far from being our largest trading partner. Before COVID, our exports to China amounted to only about €300 million, which was around 1% of our total exports at the time. At the beginning of 2022, exports to China plummeted by nearly 87%. Our trade was relatively diversified before, but once the disruptions happened, we needed to diversify further.

We strengthened our presence in the Indo-Pacific region and deepened our trade relationships with the United States and traditional European partners. We doubled the number of our commercial representatives globally to support these efforts.

The problem with China was not only the direct export, but the effects it had on the whole value chain that involved Lithuanian produced components. It is possible that a foreign enterprise operating in Lithuania manufactures specific components that must eventually be transported to China. It may have encountered logistical or export difficulties in the process. It was a disruption for the whole EU Single Market, and it was important to have it solved.

A serious problem with the nature of the measures Beijing imposed on us was that they were completely unpredictable. Sometimes they let our products in and continued with the trade, some days they applied further restrictions. Businesspeople eventually find their ways to continue business. As for now, the trade continues, but we never know what might come next.

In 2022, the EU launched a complaint against China at the WTO due to the coercive measures it imposed on trade with Lithuania. In January 2024, the EU decided to suspend the proceedings, and it re-suspended them again in 2025. In any case, it is important for such issues to be thoroughly examined. One day it is Lithuania, tomorrow it might be any other country. Especially given the fact that there were similar cases before. The trade wars undertaken by the Trump administration in 2025 provide a telling example of the repercussions that such unpredictability can produce.



As for our diversification effort, it was successful. Chinese trade restrictions have pushed Lithuania to diversify its exports to Indo-Pacific countries (Australia, Japan, India, South Korea, Singapore, Indonesia, Taiwan, Vietnam, Malaysia, and Thailand) faster. In the first half of 2022, total exports to ten Indo-Pacific nations surged by 56.5%, reaching €456.7 million compared to the previous year. Annual exports of Lithuanian-origin goods to the ten Indo-Pacific countries increased by 60.4%, totalling €400 million, significantly outpacing previous exports to China. This trend of diversification continued into 2023, with Lithuania's service exports to these countries growing by 36%, from €167 million to €228 million.

The trade volumes have great potential to grow further, not only because the comparative base is rather low, but also due to the most recent developments regarding the tariffs imposed by the President of the United States. The EU countries need Southeast Asia just as the countries of the region need partners in the EU.

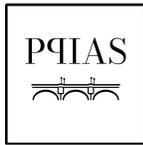
To strengthen our energy independence, the government adopted the National Energy Independence Strategy. This plan aimed to achieve full energy independence by 2050, enabling us to meet our own energy needs and potentially become an energy exporter. In 2024, 62% of the electricity consumed in Lithuania was produced domestically, while the remaining 38% was imported. While progress has been made, it remains evident that there is a pressing need to enhance domestic production further.

Amid energy price inflation, businesses started to see the need for changes in their energy use. The promise of cheaper green energy made a strong case for investing in sustainability faster. It was not only good for the planet, but it was also good for the balance sheets and the overall economy.

However, not all businesses were able to make the necessary transitions to adapt to changing market conditions and sustainability demands. For some, the challenges stemmed from the way they operate; their existing processes, technologies, and infrastructure made it difficult to implement significant changes immediately. For instance, companies in the chemical industry, which produce products like glass and plastic, face substantial hurdles when it comes to altering their energy resources.

On the other hand, some businesses simply did not want to change or invest in modifications to their business models. This reluctance can be attributed to a variety of factors, including fear of uncertainty, a belief that their current model is sufficient, or an unwillingness to allocate resources towards transformation efforts. It was unfair to subsidize them with the taxpayers' money if they wouldn't see any prospect for change. For such companies, it was an important time to reconsider their long-term plans.

In the meantime, while inflation hit our manufacturers hard, it gave the information technology and communications sector a chance to prove its worth. In 2022, Lithuania's exports benefited from a strong ICT sector, which demonstrated considerable potential for growth.



This positive trend was not solely due to the expansion of the local ecosystem; it was also attributed to Vilnius emerging as a regional hub for the digital technologies sector. We managed to attract international talent and technology companies, many of which relocated from neighbouring Belarus due to the oppressive dictatorship.

The shifting geopolitical landscape prompted companies to seek more stable environments, making Lithuania an attractive destination for those looking to continue their operations in a secure and progressive setting. Over the past five years, the Lithuanian startup scene has increased in value seven times, now reaching €16 billion.

In managing COVID-19, we reached decent vaccination numbers and finally fully lifted quarantine restrictions. Simultaneously, there were more impressive things happening. Lithuania's biotechnology sector experienced remarkable growth, expanding by 87% in 2022, with an average growth rate of 22% from 2020 to 2023. This sector now contributes approximately 3% of our GDP, significantly higher than the EU average of 1%.

Notably, Thermo Fisher Scientific expanded considerably. The Lithuanian plant produced components for COVID-19 vaccines that were exported worldwide and used mostly by Pfizer. Ultimately, it became the first corporate income taxpayer in Lithuania. But it was not only them, of course. Lithuanian companies like Northway Biotech expanded both in Lithuania and the US. Our life science startup ecosystem experienced substantial growth.

When I look back at these events, it seems that our economy proved resilient thanks to its diversity and diversification. Throughout the years of crisis, both GDP and exports continued to grow. In 2023, our GDP per capita in purchasing power standards reached 87% of the EU average, higher than in several older EU member states — a result not all countries achieved<sup>4</sup>.

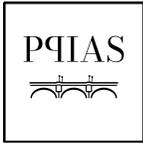
Diversification is a crucial factor not only in exports but also in the broader economic context. During the COVID-19 lockdown of the services sector, manufacturers continued to operate and export. When the energy crisis struck and our manufacturers faced uncertainties, the growing tech sector helped the Lithuanian economy thrive.

The crises have presented new opportunities not only for the economic life of the country but also for the public sector. The Prime Minister's office has taken significant steps to improve crisis management and enhance coordination among institutions. For instance, the National Crisis Management Centre was created to not only coordinate actions and consolidate functions but also analyse data in real time, enabling decision makers to make informed and timely decisions. The creation of the Centre is one of several examples of how the crisis has led to lasting institutional learning.

The experience and knowledge we have accumulated through these crises, along with the lessons we have learned together, are already helping to respond proactively to potential crisis situations now. Public service that was highly influenced by these challenging circumstances has

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<sup>4</sup> Eurostat. (2025, July 10). GDP per capita in PPS (EU27 = 100) [Data set]. European Commission. <https://doi.org/10.2908/tec00114>



developed into even more competent professionals. I believe that this acquired know-how will ease everyone's work when faced with larger, similar challenges in the future.

## **LIMITATIONS**

When reading this paper, one may get the impression that the author thinks all the decisions were excellent and all crises ended well for Lithuania. This is only partially true. On the one hand, Lithuania has maintained its economic growth, competitiveness, and attractiveness for investment, and remains a success story in the region.

On the other hand, each of these events caused conflicts within the society, the business community, divided the political arena, and ultimately cost the ruling coalition the 2024 parliamentary elections.

The pandemic and its management in general have driven a wedge between the government and society around the world. We are still dealing with the consequences, and Lithuania was no exception.

Looking back from today's perspective, not all of our government's decisions were also effective. For example, restricting movement between municipalities in Lithuania proved to be completely unreasonable. However, this was one of the trial-and-error methods proposed by the Ministry of Interior to try to stop the spread of the virus.

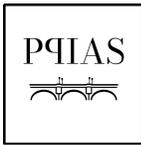
In the case of China's trade restrictions, the Lithuanian business community was anxious that the government did not explain its decisions on the opening of the Taiwanese representative office in more detail, which partly provoked China's reaction. This later created a context of mistrust, with some feeling that the decisions were insufficiently explained and unpredictable.

The outbreak of war in Europe and its consequences probably did the most to unite a divided society. We had to deal with its repercussions together, whether it was energy price inflation or the relocation of war refugees.

Although government intervention is fully justified in modern democracies and has become the norm, people have an instinctive desire to resist changing circumstances and new regulations. This is understandable and natural, and it has followed us throughout our government's mandate.

## **CONCLUSIONS**

The past decade has been a relentless series of crises, each leaving its mark on economies, political systems, and mental well-being. From financial meltdowns to pandemics and geopolitical conflicts, the world has been in a state of constant flux. The illusion of "normal times" has shattered, replaced by a "new normal" characterized by uncertainty, volatility, and the need for constant adaptation.



The experience of leading through these turbulent times revealed several universal insights applicable to navigating this new reality. Despite the diverse nature of crises, a recurring pattern emerges in their management, with three successive phases:

1. Shock, Uncertainty, and Chaos: The initial phase is characterized by confusion, conflicting information, and a sense of being overwhelmed.
2. Liminality and Temporary Measures: This stage involves implementing short-term solutions to buy time, stabilize the situation, and create space for developing long-term strategies.
3. Long-Term Solutions and New Horizons: The final phase of addressing the root causes of the crisis, adapting to the new reality, and identifying opportunities for growth and innovation. This is the moment to use the crisis as an opportunity to build.

Thus, while each crisis presents unique challenges, the underlying principles of effective crisis management remain consistent. In the complex arena of politics, there are rarely perfect solutions. You don't find good solutions; you find good compromises or choose the best alternative among the imperfect options that are available.

Now looking back, I ask myself: Were the decisions we made truly correct and unquestionable? They seemed so, but overall, it is impossible to tell. No one knows; perhaps if the government had simply vanished, the situation would have resolved itself anyway.

However, I personally do not believe in 'garbage can' decision-making (Cohen et al., 1972), which refers to a model where decisions are made in a seemingly random manner, with bearers of problems (decision-makers) randomly meeting bearers of solutions. Leadership and clear responsibility are essential.

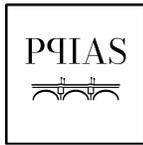
Public policy during crises often feels like navigating a swamp, filled with intricate details, competing interests, and the constant pressure of immediate demands. It's crucial to periodically ascend to the "mountain top" – to gain a broader perspective, analyse the overall situation, and anticipate future challenges. Moreover, the best way to truly understand a complex system is to actively try and change it<sup>5</sup>.

In the face of uncertainty, the temptation to overthink and analyse endlessly can be paralyzing. While thorough consideration is important, decisive action is necessary. Leaders must be willing to make decisions, even with incomplete information, and avoid the trap of analysis paralysis. This requires embracing "cognitive closure" – the ability to reach a resolution and move forward.

Recently, the world has entered a new normal of "war economy". It is driven by geopolitical tensions, tariffs, and trade disputes.

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<sup>5</sup> Attributed to Kurt Lewin in: Charles W. Tolman (1996) Problems of Theoretical Psychology - ISTP 1995. p. 31.



Europe must use the current crises as the opportunity to build. First, to build a truly competitive Europe with less bureaucracy and regulation. We, Europeans, were always the best regulators in the world. Now it is time to accelerate if we simply want our economies to survive this madness. Most of the time, our companies do not need financial aid. They need speed, talent, and freedom. Let's get back to it.

Second, it is time for us to build a Silicon Valley of our own. The Cold War era was marked by the competition between the US and the Soviet Union, driving significant investments in technology and research, and development. This period of rivalry not only fostered innovation in critical areas such as semiconductors but also established a technological landscape that supports entrepreneurship and economic growth. It has laid the groundwork for the tech industry of today. Let's learn from it.

Up until today, the defence industry in Europe has been perceived as a gambling or illegal drug business, facing various restrictions and extremely limited access to capital. Let's change it fundamentally. In Lithuania, we have streamlined the development of defence industry projects by eliminating numerous bureaucratic procedures and making the process of developing of large-scale investments substantially speedy. We can do more.

We not only need the 'Rearm Europe' plan and establish European financial instruments, but also create a 'Défense Schengen' where countries can swiftly move technologies and defence equipment. We need substantial investment in talent and R&D in areas such as robotics, space, AI, cybersecurity and renewable energy.

Third, it is the best time to build new friendships. From our experience, we know that diversification—whether in export markets, energy sources, or economic sectors—is crucial for building resilience and mitigating risk. Let's work on that.

If the United States withdraws from development cooperation in Africa and around the world, let's step in. Let's open more doors for economic cooperation and trade; let's invest not only at home but also overseas. Let's not give up on Ukraine, Europe's most important ally. It is not only a nation of freedom fighters, but also a land of opportunities, a digital economy rich with new ideas and talent.

As the saying goes, hard times create strong people.

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