

Assessment Of EU' Economic and Health Response to the Covid-19 Pandemic Within the Framework of Liberal Intergovernmentalism And Neofunctionalism Theoretical Approaches

Trivun Sharma ^{1 A}

^A University of Warsaw, Poland

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Abstract

The principle aim of this article is to analyze EU's response to the COVID-19 pandemic within the ambit of measures incorporated to tackle the economic fallout and health related problems. The article makes use of two important theories of European integration, i.e., liberal intergovernmentalism and neofunctionalism in its explanatory capacity to describe actions taken by both the member states and the supranational institutions in mitigating the adverse effects of the pandemic. The article argues that while no one theory completely explains the European response to the pandemic, both the theories offer different perspective in how the EU member states reacted, within the power of their national capabilities and the collective response measures initiated at the level of EU supranational institutions.

Key words: Liberal intergovernmentalism, Neofunctionalism, EU, COVID-19, European Integration.

Introduction

On 24 January 2020, the first case of corona virus was reported in France, signaling that the virus had travelled continents and made its way to Europe. With little over a month, Italy had issued a decree, implementing strict public health measures including social distancing, starting from areas most affected by the virus to issuing a nation-wide lockdown on 9 March 2020. Two days later the Director General of the World Health Organization (WHO) declared Covid-19 a global pandemic and the lockdown measures implemented in Italy were quickly followed up in Spain, France, and other European nations. Within a span of few months the corona virus had reached crisis level in Europe.

Just like the previous crises, the Covid-19 pandemic represented another challenge that not only shook the resolve of EU's collective measures but also tested the resilience of

European integration itself. The pandemic hit at the time when the EU had only sparsely recovered from the effects of the Eurozone, migration, and refugee crisis only to find itself tediously involved in negotiations with the UK over a post-Brexit partnership (Bongardt and Torres, 2020, p. 130). This meant that the Union was distracted in as far as addressing the initial common problems related to Covid-19 pandemic were concerned. Therefore, in the immediate period following the outbreak, EU member states responded by taking matters into their own hands, with each formulating its own strategy, without given much thought for other fellow Europeans.

Unilateral actions and uncoordinated national responses were exemplified by chaos and kneejerk reactions that led to border closures and imposition of export bans on

¹ **Corresponding author:** PhD Scholar at the Faculty of Political Science and International Relations, University of Warsaw, e-mail: t.sharma2@student.uw.edu.pl, ORCID ID: 0000-0003-1679-3538

essential medical equipments. Italy found to its shock that its request for medical supplies and protective gear under the special European Crisis Mechanism was rejected as Germany, France and Czech Republic announced bans on exports of protective gear to avoid domestic shortages. In particular Germany, the largest producer and exporter of medical devices and equipment in Europe, only eased its ban following the threat of infringement proceedings by the European Commission. The political implication of these uncoordinated national actions was that Italy was more happy welcoming medical supplies and protective gears from China than seeing its membership dividend pay off with fellow European member states (P.C and Sharma, 2020, p. 3).

Initially the European Commission responded by temporarily limiting the institutional constraints on member states to formulate their own strategy to handle the pandemic. Nevertheless, there was a broad consensus among countries that a unified European effort to mitigate the socio-economic fallout of the pandemic was warranted. To respond to the shortages of medical equipment and protective gear the European Commission acted by first implementing an EU-wide export ban on some medical protective equipment to keep sufficient stock of supplies within the bloc and then by launching a joint public procurement programme with member states for testing kits and respiratory ventilators (Bayer, Deutsch, Hanke Vela and Tamma, 2020).

A similar approach was adopted by the European Commission to procure vaccines. Although like much of the health care, vaccinating policy remains a state prerogative. The European Commission right from the start pushed hard for adopting a joint vaccine procurement policy. Despite initial problems, the commission was able to get all the 27 member states on board for its vaccination strategy and was able to negotiate contracts with 6 pharmaceutical companies to secure 2.3 billion doses. By collectively pooling its efforts the EU was able to use its market power to

secure favourable conditions on pricing and liability and helped avoid vaccine nationalism or the political fallout of it undermine solidarity within the bloc (Lehne, 2021).

From an economic perspective as Tobias Tesche suggests in his paper, the major problem concerning the EU was that the strongest economies would be able to withstand the economic fallout from the crisis and would emerge even stronger from the shock, compared to weaker economies which would find their economic position further weakened (Tesche, 2020, p. 1). The European Central Bank (ECB) played a crucial role in mitigating the financial risk, by acting as the lender of last resort through its pandemic emergency purchase programme (PEPP) and pandemic emergency long-term refinancing operations (PELTROS). Furthermore, after a few rounds of failed talks, the Finance Ministers of the Eurozone (the Eurogroup) agreed on a three-part approach to mitigate the crisis. These include, help for the member states through the European Stability Mechanism (ESM), aiding the companies through the European Investment Bank (EIB) and helping the workers through the Support to mitigate Unemployment Risks in an Emergency programme (SURE). Furthermore, a French – German compromise in May 2020, also gave green light to the Commission's revamped long term-EU budget and EU recovery instrument that included over €360 billion in loans and €312 billion in grants to help immediate the recovery process of economic and social damage brought by the pandemic (Tesche, 2020, p. 2 and European Commission, 2020).

The response to the corona virus pandemic by both the EU member states and by EU institutions represent an interesting case of understanding and assessing European integration. While initial unilateral actions taken by member states demonstrated the lack of integrated efforts, the careful intervention by EU supranational institutions like the ECB and European Commission not only strengthened the resolve of EU's collective efforts but by doing

so also improved its image and boosted public trust. Two important theories form the theoretical foundation which can be used to explain European integration: Liberal Intergovernmentalism and Neofunctionalism.

The article would build on the theoretical foundation of these two theories to explain European responses to the corona virus pandemic. Both the theories would be used in their explanatory capacity to describe the actions taken by the member states and the supranational institutions in mitigating the

adverse effects of the pandemic. To analyse these actions the article would focus on only the economic and health related responses. The article does not make the claim that the coronavirus crisis has deepened European integration rather it focuses on analysing how different measures taken by both the EU member states and supranational institutions correspond to the larger debate of European integration from the perspective of both the theories.

Material and methods

As a theory of European integration liberal intergovernmentalism provides a state centric view of understanding the integration process. It focuses on the role of nation states within the European integration process. Liberal Intergovernmentalists view integration as a zero-sum game in which each state tries to achieve its goals through bargaining and negotiations. They argue that because of the limited nature of integration itself, integration is limited to policy areas that do not touch fundamental issues of national sovereignty. In other words, they argue that European integration as a whole is driven by the interests and actions of nation states (Cini, and Borrigan, 2000, p. 87). Andrew Moravcsik a popular proponent and the originator of the Intergovernmentalists approach argued that, *European integration can best be explained as a series of rational choices made by national leaders. These choices responded to constraints and opportunities stemming from the economic interests of powerful domestic constituents, the relative power of each state in the international system, and the role of international institutions in bolstering the credibility of interstate commitments* (Moravcsik, 1998, p.18).

Scholars of liberal intergovernmentalism also view regional integration as a response to the shifts in the global balance of power. Taking European integration as an example, they argue that the bipolar nature of Cold War geopolitics diminished the role of European nations to mid-

range powers. The founding members of the European project failed the essential test of legitimacy in defending their populations against foreign occupation. Nevertheless, it did not abolish deeply rooted nations, neither did it erode the geopolitical suspicion that persisted among the nation states of Europe. This meant that the idea of integration stood in contrast to national diversity and when different ideas of history and sovereignty were to collide, differences were likely to occur. Therefore, integration found its roots mostly in the economic sphere where collective gains could be achieved, leaving tricky issues of sovereignty to nation states (Hooghe, and Marks, 2019, p. 1115).

Co-operation for Liberal Intergovernmentalists within the EU is essentially the result of pragmatic thinking. It is required to find common solutions to resolve common problems. Co-operation for them is not a product of idealism or ideology but is an essential measure that governments undertake to confront issues that challenge the core interest of the state. In this sense, as Jensen explains European integration is largely seen as a normal or even a mundane exercise on part of the nation states. For them there is nothing special about it other than the fact that co-operation since the end of World War II has become highly institutionalized. They also argue that European integration is just one example in a general phenomenon of global co-operation that occurs simultaneously on variety of levels

starting from regional to international. Liberal Intergovernmentalists continue to see co-operation among governments occurring on issues that are fundamentally important to the core interest of the state. They do not see integration heading inexorably towards a direction of some sort of European political community or a federal state (Jensen, 2000, p. 89).

Liberal Intergovernmentalists describe integration crises as having characteristics of heightened interdependence, which remains asymmetrical in nature. Crises do not have the same effect on all social groups and states. While some are highly affected by the crisis other tend to remain relatively unaffected. This unevenness creates asymmetry whereby national interests remain the outcome of how seriously and adversely a particular state is affected by the crisis. Though crises create opportunities for co-operation they have important distributional implications since the burdens of adjustments are unequally distributed among nation states. Asymmetrical interdependence and unequal distribution of the burdens of adjustments gives rise to intergovernmental bargaining whereby each state bargains to achieve the integration outcome that maximize their own interest. Intergovernmentalists argue that those which have likely suffered the most from the crisis and require immediate support of other member states and those states that stand to gain the most out of the integration and lose the most from disintegration are more likely to compromise to achieve integration, compared to states that are least affected by the crisis and are more or less happy with the status quo (Schimmelfennig, 2018, p. 973).

Neo-Functionalism on the other hand argues that European integration is not primarily driven by nation states, rather integration is pushed by elites and interest groups that transcend national boundaries (Spolaore, 2013, p. 132). For neo-functionalists, the theory is functionalist since it refers to the dynamic nature of transferring specific functions to supranational institutions. Ernst Haas, the originator of the neo-functional theory used it to explain how six European countries at the end of the World

War II came together in a new form of supranational co-operation which was reflected in the formation of European Coal and Steel Community and later the European Economic Community (EEC). For Haas, the new co-operation in Europe, necessitated by the formation of regional organizations meant a departure from the realist approaches of thinking which dominated international relations at the time. His theory focused on the importance of supranational co-operation and new institutions, along with the role elites played in creating consensus for making supranational co-operation possible. It also marked an important step towards a more progressive understanding of coordination which saw co-operation in one sector laying the groundwork for more co-operation in another (MacRae, 2016, pp. 58-59). In his 1958 book, Haas defined integration *as a process whereby political actors in several distinct national settings are persuaded to shift their loyalties, expectations, and political activities toward a new center, who institutions possess or demand jurisdiction over preexisting national states* (Haas, 1958, p. 16).

Although for neofunctionalists, integration starts in economic areas where gains are mutual, the success in one area often increases the chances of further integration in many other areas. Contrary to the viewpoint of Liberal Intergovernmentalists, who argue that integration is rooted in the country's pursuit of national economic interest, neo-functionalists suggest that economic integration is a path towards political integration (Spolaore, 2013, p. 132). In arguing this, neofunctionalism takes direct inspiration from Jean Monnet's strategy of delegating only some specific functions to supranational institutions (mostly in technical and economic areas) with the idea, that over time, it would lead to more institutional integration through a positive/negative mechanism.

Put simply, a positive mechanism has a learning curve. As politicians and specific interest groups observe the benefits of integration only in some specific areas, they would want to replicate the positive experience

in other areas, hence more integration. Spolaore argues that this was the central idea of the Schuman declaration which stated that, *Europe will not be made all at once, or according to a single plan. It will be built through concrete achievements*. A negative mechanism on the other hand works by generating problems and crises. Since integration is only in some specific areas, with important complementary features missing, it creates pressure for more integration. Such incompleteness rather than being a bug acts as an important feature for neofunctionalism (Spolaore, 2013, p. 133).

Neofunctionalism scholars also understand that integration is a continuous process that evolves over time and develops a dynamic of its own. They differentiate between the level/depth and scope/breadth of integration as Bergmann explains. The level of integration captures the degree to which an issue or policy is governed by supranational institutions and rules, while scope of integration pertains to the breadth of issues dealt with at the European level (Bergamann, 2018, pp. 1255-1256).

Neofunctionalists describe actors to be rational, in so far as they seek to maximize their interest but also showcase the capacity to learn and change their preferences. Hass, described this aspect in his book, stating that, *states, instead of struggling for power, are expected to defend their preferences and to cooperate when cooperation is deemed necessary for their realization. State preferences are seen as resulting from changing domestic competitions for influence; there is no fixed and knowable national interest. Preferences of political actors are formulated on the basis of the values held; they, in turn, determine an actor's sense of interest* (Hass, 1958, p. xiv).

Furthermore, there are three important aspects of neofunctionalism that expand and explain the study of integration: spillover effect, elite socialization, and supranational interest groups.

Elite socialization and supranational interest groups are based on an important assumption of neofunctionalism which contends that states are not the primary drivers of the integration process. In explaining both of these aspects,

neofunctionalists scholars argue that both supranational actors and institutions play an important role as far as integration is concerned. The central premise of elite socialization is that, over time officials involved in the policy planning process of supranational institution will develop loyalties that will be more European in nature. For instance, as Jensen explains, European commission officials are expected to hold a European view while approaching any problem, so as to eliminate any nation bias and ensure supranational form of governance (Jensen, 2000, p. 77). Similarly, supranational interest groups are organised interest groups comprising mostly of corporations and business groups, that have their own interest in making sure supranational institutions work. Jensen explains that these interest groups generally tend to replicate the development of economic and political integration in one given region to another in a bid to form their own supranational organisation. For instance, national industrial and employers' organisation established the common European organization called, BUSINESS EUROPE in 1958 much at the same time as the European Economic Community was established (Jensen, 2000, p. 78). For neofunctionalists the formation of supranational interest groups is important as these groups put pressure of national governments to expedite the overall integration process.

Likewise, the concept of spillover refers to a phenomenon whereby integration in one particular area spreads across to other policy areas and accelerates the process of integration, thereby maximizing efficiency. According to Lindberg spillover, *in its most general formulation refers to a situation in which a given action, related to a specific goal, creates a situation in which the original goal can be assured only by taking further actions, which in turn create a further condition and a need for more action, and so forth* (Lindberg, 1994, p. 107). There are different types of spill overs. However, the three important ones are functional spill over, political spillover and cultivated spillover. Functional spillovers occur when co-operation in one area functionally

leads to co-operation in other. As Jensen points out, the functional consequence of establishing a Single Market was that member states ended up accepting regulations of certain aspects of working environment at the European level, even though such an acceptance was necessarily not that case when the idea of single market was incorporated. Political spillovers occur when there is consensus among the political elites or interest groups that certain amount of supranational co-operation is required to resolve a particular problem. In this kind of a spillover, interest groups tend to focus more on European solution than on a national one, suggesting that their chances of succeeding increases when working on a European rather than a national solution. Similarly, cultivated spillover refers to situations wherein cooperation or integration is facilitated by supranational actors for instances the European commission to drive forward the integration process (Jensen, 2000, pp. 75-76).

Having elaborated on the two important theories of European integration it is important to analyse which of these theories can help

Results and discussion

The economic recession triggered by the COVID-19 pandemic quickly hit Europe, as majority of governments enforced strict lockdowns measures closing schools, offices, and businesses. As people lost their jobs and many businesses faced the risk of bankruptcy, governments were left with little option but to indebt themselves to support healthcare sector, businesses, and people. From a neofunctionalist perspective a crisis provides an opportunity for governments to further integrate based on either the pre-existing mechanisms or the need to create new ones – depending on the shortcomings. Particularly, the concept of spillover, can be used to offer insights into such explanations. In the case of EU's response to the covid-19 economic recession the use of institutions like EIB, ESM and SURE offer different explanations of the spillover effect triggered by collective measures.

Neofunctionalism suggest that the creation of crisis management mechanism such as the

explain the European response to the pandemic, primarily in the economic and healthcare sector. The reason for choosing economy and health care is simple. The corona virus pandemic started as a health problem but swiftly snowballed into becoming an economic problem of equal proportions. The European response to manage both the economic fallout of the crisis and associated healthcare concerns gave rise to debates of a disintegrated Europe. Nevertheless, since the initial months of the pandemic, European response not only became more coordinated but also effective. From a theoretical preceptive, the overall measures taken resembles an interesting of integration which warrants deeper analysis. The method of research used in this paper is descriptive, since it focuses on describing the response measures taken by both the EU institutions and member states from the theoretical perspective of liberal intergovernmentalism and neofunctionalism. In addition to that a qualitative assessment based on analysing information from both the primary (EU institutional bodies) and secondary sources is also done.

European Financial Stability Facility (EFSP) and ESM is an integrative step in the area of Economic and Monetary Union of the European Union (EMU). Since the 2008-2009 eurozone financial crisis highlighted the fact that a monetary union without a banking union would be problematic as it would leave the onus on national governments to regulate and rescue banks from bad debts, the intergovernmental ESM mechanism was set up to provide necessary lending to governments in need of financial help (Niemann, Ioannou, 2015, p. 196 and Glencross, 2013, pp. 4-5). From a neofunctionalist perspective, ESM is the spillover, triggered by the eurozone financial crisis (Schimmelfennig, 2014, pp. 326-329).

Hence, using the neofunctionalist approach it can be suggested that based on pre-existing mechanism for instance the ESM, further integration during the economic management of covid-19 pandemic would also trigger as spillovers. Indeed, such a spillover did occur

when the eurozone countries decided to use the ESM mechanism and apply for loans amounting to 2 percent of their GDP. The usage of the ESM mechanism for health-related purposes was necessitated and agreed by both the member states and supranational elites making it the case of political spillover (European Council, 2020, and European Stability Mechanism, 2020).

Similarly, the EIB's decision to allocate 200 billion euros for SMEs (Small and Medium Size enterprises) along with the SURE programme which would lend 100 billion euros to member states backed by a system of guarantees represents a case for cultivated spillovers. While proposing both of these mechanisms, it was the supranational institutions and their elites that took the charge. In the case of the EIB's mechanism the idea of giving out Europe-wide loans was proposed by the supranational body itself, while it was the European commission that proposed the SURE programme despite it being limited in its power. In fact, after proposing the SURE instrument, von der Leyen tweeted, stating that, *this is European Solidarity in Action* (Valero, 2020, and European Commission, 2020). The SURE mechanism did raise the level of interdependence and integration among member states. Along with the EIB mechanism and the commission's early decision to use the so-called escape clause to halt the enforcement of the Stability and Growth Pact (SGP) in the early pandemic months both these measures mark the most concerted efforts taken by the European Commission to not only manage the fallout at the European level but also ensure the public credibility in the way of effective functioning of supranational institutions (Fleming, Khan, 2020, and Salvati, 2020, p. 12).

As such as Neofunctionalism can be used to explain the possible measures taken by the supranational institutions in managing the economic fallout of the crisis, where its faces limitations are in explaining the debates that led to member states agreeing on the mechanism for financing the recovery of their economies. Following the neofunctionalist expectation, as Zeevaert argues, since the existing institutions determine the occurrence of a spillover – using the existing ESM (which was formed as a

response measures to tackle situations in which eurozone countries face the likelihood of high interest rates) was the most likely spillover, as it would merely have to be extended (Zeevaert, 2020). Nevertheless, the discussions and debates that followed regarding the recovery measures divided member states into two opposing camps with Southern eurozone countries arguing for the issuance of corona bonds and the Northern member states stressing for the use of ESM for loans for non-health related purposes. The eurozone countries instead of extending the ESM mechanism (as should have been the case) or issuing the corona bonds (as insisted by southern eurozone economies) opted for the Commission financing the recovery package through borrowing on capital markets with the EU budget.

The agreement on the proposal and the European commission special role in financing it, may incite a neofunctionalist explanation of a spillover as suggested by some scholars (Picek, 2020, pp. 327-329). But it is important here to remember that the recovery package was highly influenced in both its scope and operation by the Franco-German recovery plan proposal and the strict negotiations among EU member states who were divided in so far as common solution was concerned (Salvati, 2020, p. 13). Therefore, while neofunctionalism explains some of the measures adopted by supranational institutions using spillovers, it faces limitations in explaining why member states opted for a new and untested borrowing mechanism instead of using the ESM loans (Zeevaert, 2020). In this regard, neofunctionalism does not accurately explain the overall European response to the economic fallout of the crisis as a spillover towards more integration resulting for already existing integration mechanism.

From liberal intergovernmentalism perspective corona virus recession did represent a significant challenge not just for the member states but also for the supranational institutions who had to deal with the economic and social fallout of the pandemic. Nevertheless, liberal intergovernmentalism explains that not all EU member states suffered the same from the

pandemic. As Sapir has shown that EU member states were hit differently by the pandemic representing asymmetric shocks, based on pre-existing social and economic situations within the countries (Sapir, 2020, pp. 3-7). Given this asymmetry, liberal intergovernmentalism can be used to explain why member states differed when it came to financing the recovery plan for the pandemic suggesting that negotiations were the outcome of each states' bargaining position relative to the other.

Since the crisis hit all European states at some propositions, they all had a domestic interest in formulating a joint European response which would address the common concerns of trade, economy, and tourism. Particularly within the eurozone, countries had a common interest in making sure that member states do not suffer from overtly high interest rates, since default by one would result in loss of trust and even higher interest rates for other member countries looking for international financing (Zeevaert, 2020). Therefore, using liberal intergovernmentalism it can be argued that since all member states had an interest in accessing quick and cheap ESM loans for financing their public health services, they all agreed to this mechanism without much bargaining. Similar, was also the case with the EIB loans for businesses and the SURE programme for protecting jobs of workers who would otherwise have faced economic difficulties because of layoffs. Without incorporating such mechanisms members states without have faced great difficulty in keeping their businesses afloat and unemployment numbers down, inevitably affecting the overall inter-European trade. Liberal intergovernmentalism does not negate the role of supranational institutions like the European commission and the EIB in supporting such mechanisms, rather it focuses on the role of nation states and their common interest in determining the outcome.

It is important here to point out that when using liberal intergovernmentalism to explain member states behaviour over the financing of the recovery fund it stands in sharp contrast to the cooperation reached over the ESM loans for

health-related purposes and the EIB mechanism. There are two important reasons for this. First compared to the recovery fund, amount of the funds available in ESM and EIB loans was relatively small and second, these funds did not come with any harsh conditionalities which limited the need for strict bargaining. However, when it came to the debates over the recovery fund, not only was the amount significant but more importantly, member states had different plans on how the financing of the recovery plan should be carried out. The debate also brought to light the north/south divide between the different economies of the Eurozone which predated the economic recession triggered by covid-19 pandemic (Pérez, 2019, p. 991-995). The southern eurozone economies of Italy, Spain and Greece faced the risk of high interest rates on their government bonds and so were hesitant to agree and comply by the strict conditionalities that the proposed ESM loans for non-health related purposes would have carried. Instead, they argued for the issuance of corona bonds- a sort of joint debt issuance for the eurozone countries. Southern eurozone economies favoured the option of corona bonds because unlike the ESM loans it did not come with strict EU oversight over national spending and cumulatively taking into account the whole of eurozone, it would have amounted to lower interest rates. Suggesting this option nine eurozone governments including Italy France, Spain and Greece wrote a proposal to EU council President Charles Michel to consider their preferred option for financing the recovery fund. The plan was rejected since countries like Germany, Austria, the Netherlands, and Finland objected the joint debt issuance option fearing that they would have to pay higher interest rates if common corona bonds were to be issued. Furthermore, the Dutch and German economist were not very fond of the idea of debt mutualization in the first place, arguing that such a measure would have a negative effect of encouraging irresponsible spending. Even the public opinion in countries in Germany and Austria was opposed to the idea of putting their hard-earned tax euros on-line to help countries

that were seen as comparatively more spendthrift (Sharma, 2020).

Hence based on member states different interests and bargaining positions liberal intergovernmentalism can be used to explain why the final outcome of the recovery fund did not favour either the ESM mechanism or the corona bonds but instead choose the option of EU budget channeled recovery fund with commission doing the hard borrowing. Countries like Germany, the Netherlands and Austria were relatively less affected by the economic fallout of the pandemic and since Germany's powerful position in the eurozone mattered, they had a strong bargaining position which was shown in their rejection of corona bonds. Yet, despite this, because of the high cost associated with an economic crisis in the eurozone and the political implication of an exit, they needed to help the hardest hit economies. The southern European countries, hit hardest by the pandemic, were in a weaker position, lacking the bargaining power to convince the northern eurozone members to agree for corona bonds. Hence, what emerged was a compromise, wherein the north was able to avert the joint mutualization of debt via corona bonds while making sure the long-term financing of recovery fund was channelled through the EU budget while the southern countries were able to get cheap loans and grants without having to agree to the ESM mechanism.

In the case of EU's response to the health crisis, its ability to act effectively and decisively is curtailed by the limited competence powers assigned to it by the Union's founding treaties. Public health remains the prerogative of the member states and hence, EU's power is only limited to supporting competences as mentioned in the Lisbon treaty which states that, *the Union can carry out actions to support, coordinate or supplement Member States actions in the protection and improvement of human health* (Roloff, 2020, p. 29). The current treaties allow the EU to harmonise national laws in few selected areas, mainly organs and substances of human origin, blood and blood derivatives, pharmaceuticals, and measures in the veterinary and phytosanitary fields (Brooks,

Ruijter and Greer, 2020, p. 34). In other areas of health, including management of infectious disease, procurement of pharmaceuticals and the overall crisis response, EU's powers are limited to supporting the national policies of member states while simultaneously encouraging co-ordination. These restrictions limit EU's actions which was reflective in its initial health policy response to the Covid-19 pandemic. Neither did the EU had the necessary stockpiles of essentials medical equipments to respond to the requests of the member states, nor was it able to stop the unilateral measures of export bans forced by national governments to retain the stock of supplies they had. As Brooks and Geyer have argued, while frustrating it may seem for the supranational institutions to be limited in their power, the response reflected the design and intention of the member states (Brooks, and Geyer, 2020, p. 1057).

When the pandemic hit Europe, EU had two main governance frameworks through which it formulated its initial health response to pandemic. First- the health security framework which was set up by the 2013 decision on serious cross border threats to establish a set of structure for emergency planning, preparedness, and response. Second – the Civil Protection Mechanism (CPM) – formulated to ensure co-operation between member states in the event of a disaster. Brooks and Geyer suggest that EU's response in the first phase of the crisis through both these frameworks was intended and expected, nevertheless given the limited scope of EU's health related powers, the capacity and reach of both these frameworks remained insufficient.

The Health Threats Decision as a mechanism adopted after the Swine Flu outbreak categorised the roles of various EU level institutions and the role of member states in emergency planning and preparedness; surveillance and data collections; and crisis response and coordination. Member states after every 3 years, report on their emergency planning and preparedness with the Commission facilitating discussion of these provisions within the Health Security Committee (HSC). Similarly, the responsibility of

surveillance and data collection is managed by the European Centre for Disease Prevention and Control (ECDC). ECDC collects data through updates from the EU/EEA countries, WHO, the European Surveillance System and through email exchanges with international stakeholder (ECDC, 2020). In the event of a crisis, an alert is raised through the Early Warning and Response System, initiating the assessment of the risk or the crisis. The ECDC then starts co-ordination of the national response via the HSC mechanism. In the initial months of the COVID-19 pandemic, co-ordination meetings brought little results, as they were poorly attended and many of the member states had failed to report on their response plans as required by the HSC stated above. The inconsistency in the information and the lack of clarity on the preparedness and response data limited the scope of ECDC guidance and unearthed the overall weakness of the surveillance system (Brooks, and Geyer, 2020, p. 1058).

Similarly, in the case of Joint Procurement Agreement (JPA) which necessitated the collective purchase of medicines, laboratory equipments and supplies, and personal protective equipment and gear, EU's role and response remained limited. As McEvoy and Ferri have argued, JPA is a centralised procurement mechanism which the Commission uses to manage calls for competition notices and the acceptance and evaluation of submitted bids. The commission does not use EU funds to buy medical equipments on behalf of any participating member state. Instead, the member state expresses their interest on their preferred contractors and once the contracts are finalised, may proceed to purchase under the negotiated terms (McEvoy and Ferri, 2020, p. 855). In other words, JPA resembles an intergovernmental mechanism on procurement.

The CPM, EU's second crisis – response governance framework on the other hand functions like a match-making service. Under the CPM mechanism, the EU co-ordinates by collecting donation of earmarked resources from countries that have excess and gives it to those that are in dire need, while adding some European reserves via RescEU. Brooks, Ruijter

and Greer suggest that since co-operation under the CPM mechanism depends on willingness and ability of the member states to make contribution, it does not work well when all member states experience shortages at the same time and become fearful for themselves (Brooks, Ruijter and Greer, 2020, p. 40). In the current situation as the pandemic unfolded in Europe, member states were either already hit by the virus or were fearful that the virus would soon reach their borders and so responded in a knee-jerk reaction by safeguarding the medical supplies for themselves, a fact severely highlighted by Italy's request for medical supplies. Therefore, liberal intergovernmentalism explains why in the early stages of the pandemic member states acted unilaterally as per their health policies and national contingency regulations.

Nevertheless, in the second phase of EU's response which began after government eased lockdown measures while still maintaining social distancing, the EU began to play a more active role, with its resolve for collective actions stressing the need for more integrative policies (Fournier and Meyer-Resende, 2020). As travel and export bans were lifted, the European commission organised collective procurements and proposed a common exit strategy which was agreed by member states. Moreover, the HSC mechanism also returned to action as coordination between supranational bodies and national governments began to improve. From a neofunctionalist approach the phase 2 of EU's response measures, exposed the weakness of unilateral measures and highlighted the need for collective actions.

Among the integrative measures announced by the European Commission, the EU4health programme announced in May is the most important one as it showcases an important effort made by the European Commission is reversing the pre-existing plan which would have placed health under the European Social Fund with the allocated funding of €413 million in the new Multi-annual financial framework (European Commission, 2020). The new EU4Health programme with the funding of €5.1 billion- an unprecedented sum for health policy-

underlines the commission's plan for a strong governance mechanism and effective decision making by strengthening health systems, increasing preparedness for countering cross-border health threats, and making medicines and medical equipments available and affordable (European Council and Brooks, and Geyer, 2020, p. 1060). The commission highlights that the objectives of the EU4Health programme are based on a general need for structural formation and systemic reforms of health systems across the Union. Brooks and Geyer suggests that if objectives of the programme are stretched to the fullest, the new provisions would mark a significant expansion in the EU's health activity, into politically sensitive and substantively complex areas. For the viewpoint of neofunctionalism theory, such an expansion of activity would serve as an example of spillover, with supranational institution – the European commission driving the integration.

In addition to the EU4Health programme, several other initiatives have also been announced with the main aim of integrating EU's overall health policy. Acting on the communication on short-term health preparedness published in July, the European Commission in November, presented a set of proposals expanding the legal mandate of the ECDC extending its role to the production of guidelines on issues relating to not only risk assessment but also risk management (ECDC, 2020). The Commission also proposed for regulation on serious cross border threats to health allowing it to quickly declare an EU-wide

public health emergency and activate EU's emergency response mechanisms for instance, stockpile or procurement of necessary medical equipment. On November 25, the European Commission also adopted the Pharmaceutical Strategy for Europe, with the purpose of creating a future proof regulatory framework aimed at supporting industries in promoting research and technologies- helping patients to fulfil their therapeutic needs and addressing market failures. Furthermore, the EU Vaccine Strategy, adopted in June, gives power to the EU's executive to sign Advance Purchase Agreements (APAs) with pharmaceutical companies, on behalf of member states, and then coordinate the supply and distribution of vaccines. This marks a significant change, a kind of spillover, since the JPA earlier only allowed for EU to provide for collective purchase but did not give the Commission a role in distribution. While suggesting these proposals, as argued by the European commission the idea was on the one hand to reflect on the experiences of the first stage of the coronavirus pandemic and on the other to ensure a more integrative response to the EU's long term health challenges (Szymańska, Nicolas, European Commission and Brooks, and Geyer, 2020, pp. 1060-1061). Therefore, with regards to the broader issue of European integration, the crisis has unfolded into two initial phases with the phase I period showcasing the dynamics of intergovernmental and nationalistic response while the phase II paving the way for more integrative and collective health response policies.

Conclusions

Liberal intergovernmentalism and Neofunctionalism are the two most fundamental theories used to explain the nature of European integration. In this article, both the theories have been used in their explanatory capacity to offer insights into the early dynamics of European integration resulting out of this crisis. While no one theory completely explains the European response towards the pandemic, both the theories offer different perspective on how the EU member states reacted, within the power of their national capabilities and

collective response measures at the level of EU supranational institutions. In the case of economic response to the covid-19 pandemic, neofunctionalism explains how cultivated spillover, pushed forward by EU supranational institutions have led to more integrative responses which was seen in the use of EIB business loans and the SURE unemployment reinsurance loans. As such the theory faced limitation in explaining the divergent viewpoints of member states when it came to the issue of financing of the EU recovery fund with one

group of states suggesting the furthering of the ESM mechanism for non-health relations loans and other favouring the use of corona bonds. Similarly, in the case of health-related response, neofunctionalists explanation can only be used to explain the phase II of the European health response to the pandemic when the initial knee jerk reactions of the member states were somewhat curtailed. Liberal

intergovernmentalism on the other hand may not offer as nuanced an explanation of integration as neofunctionalism does, but it focuses on the important element of state bargaining and national interest which highlight an important factor that in time of crisis, it is the member state bargaining position and national interest that determine the nature and scope of integration.

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