

PANDEMIC AS A LITMUS TEST FOR THE GRAND THEORIES OF EUROPEAN INTEGRATION

Abstract. Several crises over the past decade have shown the inability of the European integration to reconcile the dysfunctionalities associated with the partial transfer of authorities to the transnational level and attracted criticism of the alleged pro-integration bias of the grand theories – neofunctionalism, liberal governmentalism and postfunctionalism. This article takes as a case study the Covid-19 pandemic as a ‘moment of truth’ that shares many aspects with past crises. It argues that, by addressing various dimensions of the demand for and supply of the integration, the three liberal institutional theories explain the nationalist response to the health crisis (missing demand and supply) and the integrationist decision on economic recovery (sufficient demand and supply). Moreover, they do this better than the nationalist or federalist approaches that either understate the demand for (the former) or overstate the supply of the integration (the latter).

Keywords: Covid-19 pandemic, crisis, European Union, European integration, grand theories

Introduction: the pandemic as a decisive moment

The spread of the Covid-19 pandemic in Europe in the first months of 2020 produced a nationalist response to the health crisis which revealed a lack of solidarity among European Union (EU) member states that shut their borders and nationalised medical supplies. Moreover, in the spring of 2020, another pressing issue entering the agenda was financing the economic recovery, in particular the EU’s inability to respond to calls for Eurobonds made by member states like Italy and Spain, which were hit hardest by the pandemic and under financial market pressure.

This crisis is one of a series of events in the past decade, such as the euro crisis (2010–2013) and the Schengen crisis (2015–2016)¹. These raised questions as to whether the European integration is able to reconcile difficulties in addressing interdependence-related concerns – in a context of persistent

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¹ For a definition of these crises, see Biermann et al., 2017 or Schimmelfennig, 2018.

issues like the partial transfer of authorities to the supranational level, complex decision-making and weak European identity. Moreover, it also raised questions about whether some sort of ‘integrationist ideology’ was not to blame for the dysfunctional design resulting in crises ever more related to anti-EU sentiments, as seen in 2016 in the British vote to leave the EU (followed by the Brexit crisis) and the growing illiberalism (illiberal sentiments and practices by regimes in Central and Eastern European new member states, particularly Poland and Hungary, that faced Article 7 procedures in 2018 in 2019). With this in mind, the Covid crisis has also been, as Macron stated, “a moment of truth” in deciding on the further path of the integration.

The concerns over the integrationist ideology are not limited to policy-making but resonate in the increasing literature on grand theories of the integration and the recent crises (Schimmelfennig, 2018; Hooghe and Marks, 2019; Zeitlin et al., 2019). The underlying argument is that the integration bias is common to all three liberal institutional theories – neofunctionalism, liberal governmentalism and postfunctionalism in the sense they have put too much faith in the various partial institutional levers supporting integration and treated stagnation as the opposite (Börzel and Risse, 2018b). As a result, a choice of disintegration along the lines of nation states (conversely, a hypothetical stronger push for centralisation) that would correspond better to the structural dynamics was not considered an option.

The purpose of this article is to use the Covid pandemic as a case study (sharing aspects with past crises) to test the grand theories’ relevance against more nationalist and federalist lines of reasoning. The article argues that the grand theories offer a sound explanation of the EU-level response to the pandemic by pointing to several dimensions of the insufficient supply of and demand for the integration in the health crisis stage and a sufficient supply/demand in the stage of an economic crisis – with demand defined as calls for EU policy by member state governments and constituencies and supply as the EU’s ability to deliver effective policy based on its competences, institutional rules and capacities to act. In particular, neofunctionalism in line with experience of the euro and Schengen crises (Schimmelfennig, 2018) explains via the differences in the interdependence and availability of existing institutional capacity the integrationist moment in the decision made on financial solidarity, specifically the Recovery and Resilience Facility (RRF) and the absence of such a moment for the health crisis. Liberal governmentalism (Biermann et al., 2017) adds adverse preferences and status quo bias to help explain the bargaining over the healthcare crisis and the pro-deal preferences of big states – France and Germany – to the ‘minimum common denominator’ agreement on financial aid. Finally, postfunctionalism (Börzel and Risse, 2018a) explains in line with experiences from Brexit and

illiberalism the contestation of various aspects of the deal from the national identity and ideology perspectives by the 'frugal four' and Central-Eastern members.

Moreover, the article states that the liberal institutional trio better explains the integration's response than do alternative the nationalist/realist or federalist/critical idealist explanations, which understate the demand for integration by voters or overstate the supply of integration by supranational authorities. Against nationalist views, the crisis has triggered demand for the integration among citizens as opposed to strengthening their anti-European sentiments. Against federalist views, enforcing certain EU rules where interests differed led to strong domestic politicisation. Thus, as nicely expressed by Krastev and Leonard (2020), in broad terms the crisis response was neither a Hamiltonian nor a nationalist moment, but a 'Milwardian' one (by being liberal-progressively oriented but also reserved towards any change in basic social institutions) which showed the need for and potential of the integration to 'save' the nation states in Europe.

This article presents the way the three grand theories have addressed the EU crises over the last decade and, considering possible integration bias, conceivable alternative explanations of the crises that entail alternative policy solutions. This is synthesised in an explanatory research model that presents different views on demand for and supply of the integration as the dividing line between the equilibrium-based 'grand trio' and alternative explanations. Research on the Covid-19 pandemic is then presented, divided into two sections, one on the health aspect of the crisis (commonalities with the Schengen crisis) and the other dealing with the crisis' economic aspect (commonalities with the Euro crisis). In the discussion, the article focuses on the ability of the European integration (theories) to learn from the earlier crises and to adapt.

Literature: do grand theories reveal integration bias?

Recent years have seen an upsurge in the literature on the EU's crises – euro, Schengen, Brexit and illiberalism – specifically exploring the relevance of the grand theories – neofunctionalism, liberal governmentalism and post-functionalism, and arguing they entail "integration bias" (integration being defined in vertical/deepening terms as more supranational authorities or in horizontal/widening terms as more members), implying that they have contributed to the ever-deeper crises and divisions within the integration.

The grand theories are about what European integration 'is' as opposed to the process or particular institutions oriented to mezzo level theories explaining how integration works, or micro level theories explaining why individual policies were formed in a certain way by using various agency

and structure related mechanisms. Grand theories do not offer the same answer to the question of what the integration is. For neofunctionalism, this are positive spillovers based on the self-perpetuating transfer of authority (Haas, 2004), for liberal governmentalism these are enhanced preferences-based win sets and the specific powers governments achieve via internationalisation (Moravcsik, 1998), for postfunctionalism, these are Europeanisation-induced permissive elements in government consensus (Hooghe and Marks, 2009).

While all three theories recognise the possibility of disintegration - for neofunctionalism, this is a spill back, for liberal governmentalism it is the constraining of powers of supranational institutions and for postfunctionalism the repolitisation of community authorities - these options are quite marginal in terms of theoretical assumptions. All three institutional/progressive liberal theories share the assumption of international cooperation being facilitated by the specific institutional setting (supranational authority, two-level game or European consensus/identity) creating absolute gains and see non-integration or stagnation as the only alternative (Börzel and Risse, 2018b).

Such assumptions (potentially also impacting the choice of empirical cases) may imply that European integration research has disregarded certain structural conditions acting against (or in favour of) an 'ever deeper and wider union' which, by informing policy, could have led to further systemic crises and ruptures such as a growing divide between Northern, Southern and Eastern Europe, and Brexit. For example, integration might have gone too far in terms of handing over part of the core state powers (Genschel and Jachtenfuchs, 2018) to an entity which is still an international organisation, thus creating conflict over authority and creating issues of democratic deficit, legitimacy and constraining dissensus, blocking decisions on matters of interdependence. Below, we look at how grand theories have addressed the EU integration crises, which alternative arguments exist and how they might be reconciled.

Grand theories and integration crises

Schimmelfennig (2018) provides a neofunctionalist account of the euro and Schengen crises that have to do with two big European integration projects of the 1990s. Both crises were triggered by external shocks revealing internal dysfunctions that caused distribution and politicisation. In Schimmelfennig's view, in the euro crisis: (a) institutional legacy - strong interdependence between countries that was reflected in capital market pressures and no viable alternative/exit strategies; and (b) capacity to act based on existing institutions such as the European Central Bank

(ECB) created a 'neofunctionalist moment'. This spurred new institutional developments like engagement of the ECB to 'do whatever it takes' to save the euro, financial stability support mechanisms, fiscal rules and a banking union. The outcome was in sharp contrast to the Schengen crisis where countries were able to act effectively on their own by shutting their borders and where existing EU-level institutions such as the Schengen regime, European Asylum Support Office (EASO) and Frontex were quite weak, leading to no deal to a weak deal.

For Schimmelfennig (2018), the fact the two crises had different outcomes makes the neofunctionalist explanation specifically relevant as opposed to the governmental or a postfunctionalist ones. Still, these two theories share the view of different outcomes, yet point to somehow different reasons for them. Liberal governmental theory (Biermann et al., 2017) highlights the different constellation of preferences and bargaining powers, establishing different bargaining situations. While in the euro crisis, the preferences of key countries were to save the area, in the Schengen crisis no such common denominator could be found as several less affected countries were satisfied with the status quo as opposed to a reform that would redistribute the burdens. Moreover, various asymmetries between different countries (e.g. the asymmetric effects of the two crises for southern and border countries) and changes in effects through time (e.g. growing pressures on the European Monetary Union - EMU and influx of asylum seekers to target countries after temporal suspension of the Dublin regulation) explain the negotiation outcomes in different stages of the crises.

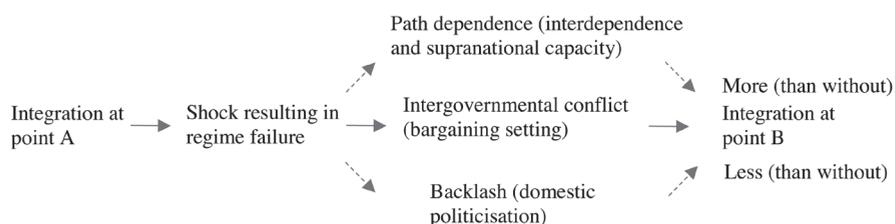
Schimmelfennig (2018) believes the problem with the liberal governmental explanation is that it offers a 'snapshot view' of preferences, discounting past decisions with certain long-term consequences. Different past decisions with implications for interdependence and institutional capacity are, he argues, precisely why neofunctionalism better explains the different outcomes of the two crises.²

The argument that the snapshot view vests too much rationality in government preferences is shared by postfunctionalism, which underscores how different topics are politicised in various ways based on different ideas, discourses and party strategies resulting in either permissive consensus or constraining dissensus. This goes beyond and perhaps challenges the 'institutional rationality' of neofunctionalism even more since to a certain extent liberal governmental theory does not question the source of the government preferences. While for Schimmelfennig the different outcomes of the two crises show the advantage of neofunctionalism over postfunctionalism

² Schimmelfennig's view of neofunctionalism is under strong influence of the (historical) institutionalism as opposed to the focus on the transfer of the authority to the new supranational centre as such.

(which does not explain adverse outcomes in ‘rationalist terms’), from the perspective of postfunctionalism, the two crises simply demonstrate different patterns in identity politics (Börzel and Risse, 2018a). Further, as they argue, in the euro crisis, depoliticisation via delegated authorities created even more politicisation (as opposed to more rationalist approaches). However, a discourse of order, rules and solidarity ultimately prevailed as opposed to the Schengen crisis, where an exclusionary discourse dominated (for a slight governmental critique of such view of the Schengen crisis, see Lovec 2017a).

Scheme 1: GRAND THEORIES AND INTEGRATION CRISIS



Source: based on Schimmelfennig 2018.

In their overview of the three grand theories, Hooghe and Marks (2019) say that these are rather schools than theories for typical themes, actors, approaches to research and internal flexibility that makes them resistant to robust falsification. Still, some authors seem to believe in a comparable research programme and methods and make considerable effort to show a comparative advantage for individual topics and/or testing one grand theory against another.

While compared to the euro and Schengen crises, the grand theories’ contribution to explaining Brexit and illiberalism has been less pronounced, it was not absent (see the overview by Hooghe and Marks, 2019). Yet, the authors seemed to have stretched theories to the limits to explain the events that were directly opposed to the integration (Brexit) or its liberal foundations (illiberalism). While Brexit was generally perceived as a mistake or an unimportant event resulting from particular domestic politics, illiberalism was considered a problem of the weak definition of EU competences within the treaties and weak conditionality in the post-accession period (as opposed to strict rules on common policies such as the market with limited violations). For Brexit, neofunctionalism pointed to absolute losses, liberal governmentalism argued that Brexit will not in fact change too much (Moravcsik famously said that EU is like *Hotel California*; you can check out any time you want but you can never leave), while postfunctionalism explained the rise of national identity and conflict with the EU. As for

the illiberalism, neofunctionalism focused on the growing role of supranational institutions like the Commission and the European Court of Justice in addressing it, liberal governmentalism noted the problems with Article 7 and postfunctionalism explained the domestic sources of antiliberalism and the role of transnational institutions as a lever for political opposition.

Alternative views and a possible landing

The alternative view of the integration's crises, which underscores problems related with passing on the core state powers as opposed to pure market integration (Genschel and Jachtenfuchs, 2018), is different from the grand theories in that the outcomes of the Schengen and Euro crises are seen as relatively similar. This relates to discontent resulting from the failure to take account of the structural impediments working against the integration. While many authors agree that these are not specific to the EU but also reflect global tendencies, they see some immanent characteristics of the integration through which those tendencies are strengthened and/or cannot be resolved on which we plan to focus here.

Zielonka (2012) referred to the economic integration and Schengen as two sources of discontent and politicisation. He argued that, in contrast to the USA, which is equally affected by the changing global context, but where some popular discontent can be channelled through federal government change, in the EU this is impossible since the EU is more of an international organisation/institution than a political system and community with a shared identity. Following Hooghe and Marks (2018), in the new global context the traditional party cleavages are being replaced by a new transnational one that is based on opposing trade, integration and migration. This actually puts the EU in the centre of politicisation. The inflexibility of the traditional political parties and party systems that is leading to major changes and shifts (Hooghe and Marks, 2018) might explain the failure of the grand theories to take account of the changing context and the unexpected occurrence of ruptures such as Brexit and the growing illiberalism.

Still, more specific politisation research is inconclusive with regard to the relevance of the grand theories. Hutter and Kriesi (2019) build on the assumption that politicisation dates back before the crises which acted as a catalyst and amplifier rather than the cause. Their analysis, based on 15 years of electoral debates (where they defined politicisation in terms of visibility, scope and intensity-conflictiness), shows that politicisers are non-mainstream and opposition parties from left and right, which refers to benefits reaped by mainstream parties' policies on the EU level (Hooghe and Marks, 2018; see also Hernandez and Kriesi, 2016). This implies a turn of repoliticising European coalition-building and a permissive consensus that might

explain blockades. It does not however oppose the integration in principle. It might even imply a cyclical movement with new pro-EU tendencies based on output legitimacy (results) of the anti-EU turn. Further results show the strong politicisation of the euro in the south (where political cleavages were still mostly traditional) and of migration in the north (where new transnational cleavages were present already). This shows that specific dysfunctions are more important than the perceived functionality of the integration in principle. It shows also that the grand theories' explanations of (non)integration during the Schengen crisis can be reconciled with the new political cleavages. An outlier is CEE where politicisation is general and goes beyond the standard 'U-shaped curve'. Hutter and Kriesi (2019) explain this with a premature political and party system (their integration was based on apolitical and technocratic governance) and argue that crises have actually brought some structure to it.³

Zioelonka (2012) predicted that the integration would accommodate the changing reality by more relaxed forms and concentric circles where, rather than territorial authority, core vs. non-core position and respect for rules will be points of dispute. He also argued that the external powers of the EU would be compromised. While norms will continue to play a role, the role of coherence as well as of convergence and a homogenisation-based approach would be weakened. There would be more space for other global actors such as the USA which would work through capitals as well as for regional powers such as Turkey.

Currently, any further integration demonstrates some slowing down, although this primarily relates to widening, e.g. of the euro and Schengen, as well as to EU accession, which might be related to 'needed fixes' in the current system, such as post-accession conditionality. In the foreign policy area, which is an interesting outlier, since the EU's competences are in fact very weak, Chryssogelos (2016) argues that the mentioned crises have strengthened the government approach, there is more politicisation of public opinion when it comes to the contribution of resources and, while the EU is still seen as an opportunity, this is more on an ad hoc basis. In such instances, the ideas of a multi-speed integration (some proceeding fast towards) that are based on existing treaties might also play in favour of further integration by strengthening the efficiency and effectiveness of decision-making (within the core group), re-mobilising the pro-integration camp in non-member countries as well as reintroducing conditionality via core membership-related expectations. Importantly, the changing global context does not work against but is exposing the dependence of small European states on

³ For a discussion of the EU crises and the rise of nationalist populism in CEE see Lovec (2019) and Lovec and Bojinović (2019).

the EU. Following Jabko and Luhman (2019), politicisation and claims for more sovereignty do not necessarily lead to de-Europeanisation but could facilitate pro-European reform in the context of fragile sovereign practices and build the sovereignty issue into mobilisation of support for the EU and against those opposing it.

Finally, as argued by Zeitlin, Nicoli and Laffan (2019), the EU is faced with a multiple crisis which may be seen as a political trap – as opposed to decision-making traps in the past which led to new grand bargains, this one cannot. However, against that, the view of politicisation challenging non-majoritarian institutions should in principle be seen as a positive, re-mobilising element. There are ways of loosening the integration to endorse and strengthen the positive type of politicisation such as building on output legitimacy (Lovec, 2017b), pragmatic policy reconfiguration taking sovereignty into account and avoiding treaty change. Another option is a stronger role of the European parliament in the inter-institutional game. Schmidt (2019), for example, highlighted the somewhat overlooked issue of the growing politicisation in relations among EU institutions themselves.

Explanatory model

In order to test the grand theories' relevance for explaining the integration response to the Covid-19 pandemic, we propose a model based on matching supply and demand for the integration. Based on shared liberal/progressive assumptions, mainstream grand theories imply that integration occurs when there is matching demand and supply for it. While neofunctionalism chiefly focuses on the supply of integration (role of transnational interdependence and supranational institutions), postfunctionalism focuses on demand (permissive consensus or constraining dissensus based on party/political cleavages and ideologies) and liberal governmentalism, which has the most general and static assumption of what integration is among the three, lies somewhere in between (demand for and supply by governments, also see the Scheme 1). While explaining different aspects of (non)integration against changing contexts (such as the crisis), the liberal institutional trio essentially sees EU as being 'in equilibrium' in terms of being institutionally capable of dealing with the external shocks. Moreover, in line with ideas of Alan Millward, rather than changing the structure of the markets and states as such, European integration actually enhances the opportunities of (relatively small) European states to compete in global markets.

In contrast, the alternative nationalist/realist explanation would imply that the demand for the integration (by voters or citizens) is overestimated, resulting in oversupply that triggers a negative reaction. Conversely, we

can construct a federalist/critical ideational explanation whereby supply by transnational/supranational authorities is insufficient, resulting in a half-finished and partial integration that is essentially responsible for the negative reaction on the demand side (see Jones et al., 2016).

Table 1: ALTERNATIVE EXPLANATIONS OF THE PANDEMIC'S IMPACT ON THE EUROPEAN INTEGRATION

Theory group	Level of analysis (demand/supply)	Equilibrium	Policy
Nationalist/realist	Citizens, nation states	No: Overestimated demand for integration by voters implying oversupply by (supra)national authorities	Market only, veto powers
Liberal progressive (neofunctionalist/ governmental/ post-functionalism)	Supranational institutions/ governments/ party ideologies	Yes: insufficient demand and supply in health crisis, sufficient in economic crisis (supply: institutional interdependence and capacity; demand: varying politicisation; supply/demand: bargaining setting)	Output-oriented/ flexible integration/ political integration
Federalist/critical ideational	Trans-European institutions and identities	No: Undersupply of integration by (supra)national authorities explaining popular discontent and nationalist backlash	Federal state, trans-European identity

Source: own elaboration.

Building on the existing literature on the grand theories and EU crises, we expect neofunctionalism to explain economic integration in line with outcome of the euro crisis based on the interdependence and sufficient capacity of the EU to act – as opposed to the health crisis that, like the Schengen crisis, due to the availability of effective state actions and weak EU capacity, has triggered no to limited integration. We expect governmental theory to explain the outcomes from the perspective of different bargaining situations due to the adverse preferences and asymmetries and postfunctionalism to explain the specifically strong politicisation of certain distributional issues and illiberalism.

Results: supply and demand for the integration during the pandemic

The Covid-19 pandemic initially triggered a health crisis where a growing number of infected individuals has put pressure on the capacity of the healthcare systems, leading to an escalating death toll. In order to flatten the curve of infections, preventive measures ranging from social distancing to a complete lockdown were required. From the EU perspective, the problem was twofold: the infection spilling over from one country to another, and the

competition for scarce medical supplies. Both issues entailed the problem of moral hazard and costs externalisation. This was made worse by an asymmetric spread where a more affected country would prioritise solving its domestic crisis over containing the spread (in an absence of reciprocal actions) and more symmetrical competition to secure medical supplies (hindering aid reciprocity for containing spread). The situation was also aggravated by scarce and possibly asymmetric information. While EU competences in health were limited to support and coordination, the issue of virus spread and medical equipment referred to competences in the areas of the borderless movement of goods, people and services, i.e. the common market and Schengen (for a detailed discussion, see Nicolas-Jean Breon, 2020).

The health crisis was followed by an economic one. Interestingly, in contrast to the health crisis, the European Commission actually prepared a scenario for a pandemic impact on the eurozone that also considered the effects on sensitive sectors like tourism and transport and thus an asymmetrical impact on the member states. However, the analysis built on the assumption of greater tolerance for human loss (Jounun and Roeger, 2006). The restrictive measures to fight the pandemic have strongly impacted economic activity and public revenues while public spending has increased due to the health, social security and economic measures to prevent the economic crisis deepening and to speed up the recovery. Since in the EMU national governments could not borrow directly from the central bank to avoid moral hazard and externalising debt to other member states, increased spending required borrowing from the capital markets. Yet, countries most affected by the health crisis such as Italy and Spain were already heavily indebted. Savings or reform policy that some countries had accepted in the past in return for financial support proved to hold negative economic and political implications. In addition, the overall size and depth of the crisis would make the economic impact on the eurozone much stronger. This would also make the need to resort to national monetary policies and/or end of the common market more likely.

The sense of (the absence) of solidarity and effective EU action during the first months of the 2020 has supported nationalist sentiments and added more legitimacy to illiberal trends. Thus, the multiple crisis triggered by the Covid pandemic has been both a continuation of the past crises and specific crisis in itself and – by virtue of its dramatic proportions – a moment of truth for the European integration.

Healthcare crisis: insufficient supply and demand for integration

From the neofunctionalism perspective, the lack of a community approach in the health crisis, especially in the early spring 2020, may be

explained by the ability of the member states to impose effective measures on their own by establishing the border regime, which enabled them to deal with possible externalities in a rapidly changing context on an individual basis. While the crisis has touched on community competences in the areas of the mobility of people and goods, concerns about health that were under national jurisdictions allowed for temporary infringements. The EU's capacity to act was constrained because it could not impose specific universal mobility rules without an impact on national health. Since due to the lack of EU competences and resources in this area reciprocal measures on the capacity of healthcare would be difficult to achieve, such action constraining the authorities of the member states could actually pave way to moral-hazard situations, including blame avoidance. Still, as the situation became more symmetric towards the end of the spring and issues other than health came to the front, the EU did enact its support and coordination role (Nicolas-Jean Breon, 2020), e.g. by adopting general recommendations on border regimes and the joint public procurement of medical equipment (European Commission, 2020). Thus, the health crisis has resembled the Schengen crisis where, due to weak existing institutions (weak supply of integration) and effective national exit strategies (weak demand for integration), weak to no new institutions emerged (Schimmelfennig, 2018).

The correspondence between the pandemic and the migration and refugee crisis is also evident when it comes to liberal governmental theory. The spread of disease and policy responses has entailed the different preferences and asymmetric positions of individual governments. Countries like Italy that were first to face the virus' mass impact were in a deprived position since others could learn from their example and implement effective measures earlier on which included the closing of borders. Big countries with high demand for medical equipment could use their market leverage (lower dependence) and bilateral relations with third countries to secure supplies. Thus, in line with the liberal governmental explanation of the migrant and refugee crisis, the health crisis has been a bargaining situation in which key players, at least in the pandemic's early stage (i.e. the first months of the 2020), preferred the status quo.

Some of the variation in ideology and identities impacting (any) shared EU response may be explained by postfunctionalism. In the early stage of the crisis, there was strong securitisation of the crisis along the lines of the nation states with the closing of borders and the search for non-EU sources of aid. Later in spring, this was followed by calls for EU solidarity, also featuring bilateral aid and the coordination of policies (Busse et al., 2020). Initially, public debate was influenced by a stereotypical discourse of short social distance in the South, effective measures due to an authoritarian culture in the East and resistance to limiting personal freedoms in the North, which

created a sense of divisions and mistrust. Some more variation was seen on the national level that affected government preferences: Sweden on one extreme with an anti-lockdown stance and Eastern governments strongly securitising the pandemic to strengthen their power on grip. Later on, however, as the effects of the spread became more symmetrical, views and policies converged.

Can nationalist and federalist approaches better explain the (non)integration in fighting the pandemic? The initial nationalist reaction did not really bring additional support to the governments as shown by a survey conducted by the European Council on Foreign Relations (ECFR) which involved 11,000 citizens and 9 member states (Krastev and Leonard, 2020). Instead, it strengthened existing trends depending on the effectiveness of the government measures and domestic opposition-position dynamics. Further, while EU's role was criticised, even more respondents were critical of the fact that the EU was not there to act (Krastev and Leonard, 2020). Against certain previous trends, support for the national government and for the EU correlated, Poland with its Eurosceptic government being an exception. Following Youngs (2020), right-wing populists such as Lega in Italy, Vox in Spain, FPO in Austria and FVV in the Netherlands initially even lost support and only started to regain grounds in a later stage by questioning the restrictive measures on, paradoxically, a liberal-constitutional basis. The pattern was similar with centre-right opposition parties such as the Republicans in France and the conservatives in Spain (Youngs, 2020).

From a global perspective, the pandemic has created some disillusionment for nationalists and federalists alike – about the role of third countries in the case of the former and the EU in the case of latter – as well as a convergence of views between the two (Krastev and Leonard, 2020). As shown by the ECFR study, when it comes to aid received by third countries, opinions on the USA and China have changed negatively in those member states where these used to enjoy the strongest support. The pandemic has resulted in 'strategic sovereignists', highlighting the need for a stronger EU to preserve nation states becoming the largest camp in the EU, specifically in Southern and Eastern Europe, and the least in Germany. This ran directly against the expected deepening of the North-South-East split and strengthening of the third countries' position on Europe's periphery. In fact, it has helped to realise dependence on the EU and reinforced the pro-EU camp (demand for the EU) among peripheral members.

As for the federalist approach, Macron's reaction to the early border closure with Italy by Slovenia, calling it a "bad decision" (France24, 2020), turned out to be premature as bigger members including France soon did the same. Macron also faced criticism from nationalist FN on the grounds of being unable to obtain aid from the EU, demonstrating the problems with

linking aid to mobility indicated above. Moreover, while the EU approach could balance some of the government's measures, it would also create tensions between Brussels and elected governments implementing varying policies in different political contexts (Youngs, 2020). Hard-right Sweden democrats have criticised the government's measures due to the death toll. The Danish People's party was careful about the centre-left governments' de-escalation, warning about border openings. Conversely, in Poland and Greece, left-wing opposition parties pressured with little success for governments to implement less restrictive measures. The expert input legitimacy of the supranational authority would not help as, following the ECFR survey, the pandemic has not strengthened trust in experts (Krastev and Leonard, 2020) – trust has instead been correlated with trust in governments and the effectiveness of the measures.

Economic crisis: sufficient supply and demand for integration

From a neofunctionalism perspective, the economic crisis triggered by pandemic is a continuation of the eurozone crisis. The eurozone crisis demonstrated an integrationist moment based on external pressures and existing institutions, especially as the crisis has worsened and effects become more symmetrical. The ECB adopted a policy of 'whatever it takes' by intervening in capital markets, emergency mechanisms to help indebted countries were developed, measures ensuring fiscal prudence were adopted, and a move towards a banking union was made to prevent the costly saving of financial institutions (Schimmelfennig, 2018). In the pandemic, common institutions, building on past developments, have reacted swiftly by expanding financial operations, relaxing fiscal and state aid rules and enabling countries to draw on the EU budget (Nicolas-Jean Breon, 2020). However, due to a much deeper economic crisis, the limited manoeuvring space of monetary policy and the need for fiscal measures in the setting of much higher public debt levels, further steps are called for (Alcidi and Gros, 2020). Strong interdependence with limited alternatives being available (demand for integration) as well as existing institutions (supply for integration) enabled a historical agreement among the member states on increased EU spending via the RRF. The solution was based on community borrowing where a common budget as an existing strong community tool would serve as a warrant and as general guidance on spending (European Council, 2020).

Similar to the eurozone crisis, liberal governmental theory explains certain developments better. The crisis was yet another interruption to negotiations on the new Multiannual Financing Framework (MFF) 2021–2027 where, following Brexit, the 'Northern' net contributing members resisted contributing any more for traditional programmes benefiting the 'Southern'

members. They also called for conditionality with the rule of law since some 'Eastern' illiberal regimes like those in Hungary and Poland has used cohesion and agricultural funds to support their voting base.

In the first stage of the crisis (early spring), southern members called for Eurobonds, but this was unacceptable for northern ones as they did not want to vouch for (past) excessive spending and they called for reforms. Yet, Italy and Spain were much bigger than Greece, and France would also face substantial problems. Severe implications for demand and the common market would hurt the export-oriented German economy. France and Germany carved out a compromise solution, which was taken up by the Commission. However, the 'frugal four' (Austria, Denmark, Netherlands, Sweden, joined by Finland) resisted the non-refundable supports and called for conditionality on reforms as well as the rule of law, triggering fierce reactions from Hungary and Poland. The final decision made during Germany's presidency at the European Council meeting in July which was adopted just in time to secure the timely implementation of the new MFF and RRF reflected the minimum common denominator of key member states. Frugal countries obtained substantial rebates and an overall reduced amount of non-refundable allocations, southern countries obtained substantial allocations of funds for traditional spending programmes with limited commitments, and rule-of-law conditionality for Eastern countries was relaxed. France and Germany, that were the biggest countries and median players, had to accept the least compromises. Some of the Commission's proposals on more progressive and new programmes and conditionality as well as new own resources were side-lined, at least for the time being. In line with the agreement, all contentious issues could be either vetoed (an emergency brake on financing) or required unanimity (new own resources and conditionality) (European Council, 2020; Utrilla, 2020).

From a postfunctionalism perspective, there are some parallels and differences with the eurozone crisis: in an early stage, the positions of North and South were conflicting, much in line with the eurozone crisis, but there was soon a change in Germany's position (as well as other member states), which paved way for a timely compromise. Postfunctionalism also explains some variation across the member states. With the UK absent, the frugal four governments which would contribute substantially in per capita terms took its role and negotiated stronger rebates to save face domestically. In return, a sacrifice was made on more progressive programmes from which they would benefit from the most. Another case is Eastern countries where illiberal regimes secured a relaxed rule-of-law conditionality, which was important for them to save face (and secure funds), even though this gave an impression as if certain fundamental EU norms and values were sacrificed.

Can the alternative nationalist and federalist approaches better explain the outcome? In the past, the rise of populists was facilitated by the demotivation of centrist voters after mainstream parties (and the EU) failed to respond to the crises (Guiso et al., 2019; Morelli, 2020). The stakes involved in the joint response to the pandemic have enabled mainstream government parties in many countries to mobilise the political centre by building on the recovery programme (Youngs, 2020). Following Youngs (2020), progressive opposition such as the French socialists, social democrats in Austria and Dutch left-wing opposition actually built on asking for more economic support – one of the Dutch centrist parties even left the coalition due to different views on the Commission's European recovery proposal.

From a federalism perspective, many have seen the pandemic as an opportunity for grand bargaining on a more sustainable future and a progressivist discourse (e.g. Lucchese and Pianta, 2020). However, there was strong politicisation of some elements in net contributing as well as Eastern countries. The compromise agreement was pragmatic, building on output legitimacy and leaving the door open for future steps. Moreover, while negotiations between the Commission and the capitals or the Council and the capitals were compromise-oriented, keeping politicisation at a low level, the directly-elected European Parliament was expected to fill the gap by asking for guarantees on conditionality, own resources and progressive goals.

Conclusion

The purpose of this article was to test mainstream liberal/progressive institutional grand theories on the European integration by building on their take on past crises, against the nationalist/realist and federalist/critical ideational explanations. Several crises of the European integration have raised allegations of an integrationist ideology in policy and theory as opposed to the disintegration or variable integration alternative. The pandemic is not just one in a series of crises but, due to links with the previous crises and its interdependence-related profound effects requiring collective action, has also been a decisive moment for the integration. In order to establish the difference between the two camps, we proposed a model assuming that in the case of the mainstream approaches the integration corresponds supply and demand for it while the nationalist/realist approaches assume an overestimation of demand reflected in an oversupply of integration and the federalist/critical idealist approaches assume insufficient supply, creating demand-side issues.

This research demonstrates that the grand theories are able to explain the integrationist moment or its absence in the pandemic in line with the experience of the Schengen/eurozone crises. From a neofunctionalism

perspective, in this health crisis, similar to the Schengen crisis, member states could act effectively on their own and the weak existing institutions resulted in weak to no deal. From a liberal governmental perspective, the bargaining situation was characterised by diverging preferences and status quo bias. As demonstrated by the postfunctionalist view, some of the variation in preferences was due to politicisation. Importantly, against the nationalist explanation, the nationalist response did not strengthen nationalist forces but strengthened calls for the EU, indicating that demand was not overestimated. This specifically included the uplifting of the sovereignty discourse to the EU level. Against a federalist explanation, any stronger move by EU institutions on issues like border regimes would trigger tensions with several capitals, demonstrating there was not a substantial undersupply of EU action.

In the economic crisis, similar to the eurozone crisis, from a postfunctionalist perspective, the integrationist outcome is explained by the strong interdependence based on past decisions creating EU institutions with a capacity to act and where no effective exit strategies exist. From the liberal governmental perspective, the final deal was a product of a bargaining situation where the preferences of key member states were pro-reform-oriented, also taking dependence asymmetries into account. Postfunctionalism can explain the specific opposition made by the frugal and Eastern members' governments with their domestic positions/debates. In contrast, the nationalist explanation is problematic in the sense of strong mobilisation of the political centre in favour of a European solution (implying there was no oversupply) while the federalist approach would – taking account of politicisation in the North and East – trigger a political blockade. Instead, the final compromise agreement was a pragmatic one, building on output legitimacy, keeping the door open for future steps, and handing over politicisation to the democratically elected European Parliament.

This research shows that the alleged integration bias of the grand theories and policies on integration is somewhat overstated. The liberal institutional assumptions of the grand theories are broad enough to resist the nationalist/realist and federalist/critical ideational criticism. The research also indicates that the crises (somehow in line with the grand theories) have stimulated the much-needed politicisation of integration, which, along with institutional learning and the political process feedback loop, has resulted in an apparent “U” turn in support for the EU. The Covid crisis as an external shock has proven those who had expected growing polarisation along the lines of nationalists and federalists to be wrong. Instead, it has brought about the convergence of views on the need of the integration to save the European ‘nation state’ and the principles of democracy and a liberal economy. Thus, it has indeed been a Milwardian moment more than a purely nationalist or Hamiltonian one.

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