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The Covid-19 pandemic, what lessons for the European Union?

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The European Council of 16th December 2021 once again focused on the public health situation and, more generally, on "work to strengthen our collective preparedness, response capacity and resilience to future crises". This includes learning as much as possible from the lessons of the pandemic as the Omicron variant spreads rapidly around the world.

In combating Covid-19, the European Union has been more effective rather than ineffective. The pandemic has reinforced the historical adage that Europe is a succession of crises and recoveries. Indeed, in an unexpected way, as they have faced the health crisis, Europeans have given an in-depth boost to the European project, which has been buffeted successively for the past ten years by the euro zone crisis, Brexit and illiberal governments. However, the response to the coronavirus has highlighted several structural fragilities that have appeared in Europe's recent history.

1. THE EUROPEAN ECONOMIC RECOVERY PLAN IS PROOF OF THE UNION'S AGILITY

The name given to the plan by the Commission is *Next generation EU*. It is an extraordinary budget of €750 billion over and above the EU's multi-annual budget (MFF) and the annual budgets of the Member States together. A significant share of the spending in this *ad hoc* budget has been earmarked for future-oriented spending, such as energy transition, innovation and digital.

This European economic recovery plan is itself part of a massive package of responses to the various aspects of the pandemic crisis that have been deployed throughout the year 2020. The Europeans have launched all the policies and instruments to support

public spending that were developed during the turmoil of the eurozone crisis: ECB buy-backs on the secondary market of treasury bonds issued by European countries; Treaty on Stability, Coordination and Governance of the Eurozone (TSCG); European Stability Mechanism (ESM); Banking Union. The European Investment Bank (EIB) has mobilised massively to support banks that support SMEs.

Before the adoption of the recovery plan, the mobilisation of the various European institutions represented €540 billion of extraordinary expenditure to support or guarantee these efforts by the national authorities. This was already unprecedented. With the recovery plan financed by the issuance of European debt, Europeans are accomplishing a historic revolution. These European treasury bonds correspond to a social demand for which there have been weak signals for several years. Even though European power and its leaders are distrusted, Eurobarometer surveys indicate that Europeans want a European solution to economic and geopolitical challenges. And although the euro is a subject of permanent and legitimate debate, Europeans are specifically attached to their currency: in 20 years, the single currency has gained the confidence of savers as well as investors, large and small, and has imposed itself as the world's second reserve currency.

Indeed, the colossal 2.3 trillion national stimulus packages adopted have only been made possible because of the European Central Bank's guarantee, the extension of its secondary market sovereign debt buy-back facility and its global credibility. The European Union has therefore been able to guarantee an unprecedented, colossal amount of public debt, commensurate with the public health, economic and social disaster. The welfare state has become a reality shared by all Europeans.

This toolkit has cut through many debates and blockages in one fell swoop. The dispute that pitted Europeans against each other for thirty years was settled in three months in the spring of 2020. Either at state level or within political families, there were arguments about whether or not to get rid of the Maastricht criteria, whether or not to have a common budget and whether or not to finance such a budget by issuing a common debt. In the response to the pandemic, the Maastricht criteria were unanimously suspended; the principle of the recovery plan with large amounts of money shared out between the countries and financed by European treasury bonds was also unanimously adopted. One may or may not consider this to be a good strategy, but it is clear that it is a step forward for Europe as an integrated political structure.

Beyond the recovery plan financed by an extraordinary budget, it is likely that we will not return to the *status quo ante*. The times and the reasons for which the Maastricht criteria and the Stability and Growth Pact were established in 1991-97 have changed so much that economic and monetary union will very probably have to be steered on a different basis. The consultation opened by the European Commission on the budgetary rules is a step in this direction. This is the most sensitive issue of the French Presidency of the Council and will also be the subject of strategic reflection at the meeting of 10 and 11 March 2022 on the new European growth model.

2 A HISTORIC REVIVAL OF EUROPEAN INTEGRATION IS UNDERWAY SINCE 2020

For all these reasons, the adoption of the European Economic Recovery Plan in July 2020 will probably go down in history as a reboot in terms of European integration. It is a historical moment that can be identified by the place it will occupy in history. The crisis of the failure of the EDC (1954) led to the revival of the Treaties of Rome (1957); the crisis of the empty chair (1965) was followed by the revival of the Hague Summit (1969); the Europeans emerged from the crisis of the Thatcherite blockade (1979) with the revival of the Fontainebleau Summit (1984); they faced the challenge of the fall of the Berlin Wall (1989) with the Maastricht Treaty (1991).

Since 2005, there have been several successive crises after which revival did not follow: rejection of the European Constitution (2005); the sovereign debt and eurozone crisis (2010-16); the external geopolitical challenge of the selfish powers (since 2014: Russia, Turkey, China, the United States under Trump); the internal challenge of illiberalism embodied since 2010 by Viktor Orban; Brexit (2016). None of the responses to these crises led to a recovery: the Lisbon Treaty (2009); the TSCG (2013) and the ECB's heterodox policy since 2012; European elections embodied by leaders of political families (2014); the treaty with the United Kingdom (2020).

The revival of European integration amidst the adversity of the health crisis can be explained by the fact that the harshness of the pandemic and its consequences have been an unprecedented experience shared by all Europeans. Unlike the sovereign debt crisis (2010-2016), it has been impossible to attribute the tragedy to economic behaviour or differences in public policy within the Union. European leaders have agreed among themselves to pool resources and to distribute them in proportion to the damage caused by this common ordeal.

Significantly, the spaces for debate have also changed. In April 2020, the President of the European Commission, Ursula von der Leyen, published a letter to the *Italians* in *La Repubblica*: "*Today, Europe is mobilising alongside Italy. But this was not always the case. I apologise: we are with you*"[1].

3. EUROPEANS' RESPONSE TO THE PANDEMIC SIGNALS THE EXTENT TO WHICH THE EU HAS BECOME PART OF THEIR CULTURE

Vaccine policy has been another indicator of the deepening of European integration that produced by this recovery. The fact that grouped purchases of vaccines were introduced at the beginning of 2021 under the authority of the Internal Market Commissioner was a very good initiative. First, it enabled Europeans to achieve critical mass as a customer of large, global companies. Secondly, it has helped to mobilise the appropriate production capacities on a European scale to supply the authorities and players responsible for administering the vaccine with doses.

A year earlier, a few weeks after the start of the pandemic, the Commission played its role as guarantor of the general European interest, without the Member States contesting it - on the contrary. First, it quickly put a stop to the requisitioning by national customs authorities of medical equipment (including masks) that were being traded within the single market; then it swiftly redirected the unused structural funds from the 2014-2021 period towards calls for tender and group purchases of masks and medical equipment (respiratory equipment, in particular) from March 2020.

This constituted a significant breakthrough in public health policies. It was enabled by the experience gained in the practice and regulation of the internal market since the Treaties of Rome. If there had not been this strategy of grouped purchases of vaccines, the Member States would have placed their orders in a dispersed manner and would have been competing with each other. Some countries would have bought a lot, including precautionary purchases, while

others would have been left with nothing. But this pooling of pre-purchase orders enabled the funding of research and the discovery of vaccines from the outset. By mid-December 2021, 68% of the Union's population was fully vaccinated against Sars-Cov-2. This is one of the highest coverage levels in the world. In some EU territories, coverage exceeds 80% of the population, in others it is less than 50%. Acting together at European level and mobilising supranational institutions or mechanisms has been effective and convincing. The public policies established by European leaders within the framework of the European political system have complemented and reinforced each other. This political system, characterised by a plurality of powers and decision-making centres, has demonstrated its ability to decide with flexibility in an unprecedented multi-register crisis. It can be said that the revival of European integration, in this new state of adversity, was proportional to the scale of the tragedy: in December 2021, less than two years after the start of the pandemic in Europe, Covid-19 has killed more than 870,000 of the Union's inhabitants and more than 130,000 in the United Kingdom: that is to say, more than a million deaths from the pandemic within the Union.

4. THE PANDEMIC HAS REVEALED THAT EUROPEANS ARE RISK AVERSE AND HAVE A NARROWER UNIVERSE

However, the response to the coronavirus has highlighted several structural weaknesses.

At the end of 2020, the negotiation with the pharmaceutical companies took longer than those conducted by three governments of other developed countries; the American, the British and the Israeli, because the European Commission sought to obtain the lowest possible prices - it knew that part of European opinion was wary of the huge profits that some pharmaceutical companies would make from the vaccination.

[1] In the name of solidarity and blind tragedy, a significant number of countries already planned in April 2020 a collective European loan on the markets to finance not loans but donations. Nine Heads of State and Government wrote to the President of the European Council Charles Michel on 25 March 2020 to this effect: Belgium, Spain, France, Greece, Ireland, Italy, Luxembourg, Portugal and Slovenia.

Similarly, the Europeans, unlike the Israelis and the British, refused to use the so-called emergency marketing authorisation procedure for the Covid-19 vaccines. They used a conditional marketing authorisation after careful consideration of the scientific data. The delays in the use of the vaccines in the first weeks of 2021 were a consequence of great caution on the part of European and national authorities. This reflects the particular sensitivity, much higher in Europe than elsewhere, to the so-called precautionary principle.

This attitude of both the Commission and European governments highlights the fact that European society is characterised by greater risk aversion, and less appetite for innovation or recklessness, than in the UK, the US or even China. It is possible to hypothesise that, with its ageing population, Europe has become a more cautious 'country' than elsewhere in the world.

It has also become clear that by basing their industrial strategies on the international division of labour and the theory of the comparative advantage of nations optimised by trade, Europeans (industry, banking sector, political authorities, consumers) have been reckless, short-sighted and have lacked strategic vision and foresight. Thus, in fifteen years, they have disposed of the production of certain basic health products, such as masks.

The health crisis has also revealed the existence of a certain technological and industrial backwardness in Europe, including that of France on a major innovation - messenger RNA vaccines. The two vaccines currently approved in Europe are licensed to American pharmaceutical companies (Moderna on the one hand and Pfizer, which has used the invention developed by the German start-up BioNTech, on the other). The problem is not new: the share of gross domestic product (GDP) that finances research and development is structurally lower in Europe than in other OECD countries[2]: lower than in Japan and South Korea, and lower than in the United States, despite the Framework Programme for Research and Innovation which leverages 7% of the European

budget each year[3]. But while these figures may seem modest, they have significant leverage because they are only investment credits.

However, research and development still lie essentially in the hands of governments and companies. Looking specifically at the situation, it is clear that in France, for example, private sector companies underinvest in research and development compared to other OECD countries. The case of Sanofi brought this reality to light. When the reasons why the French pharmaceutical company was unable to invent a vaccine against Sars-Cov-2 were analysed, it became clear that for the past fifteen years or so it had been exploiting its products and technologies, which work very well, with rents, and investing proportionally less in innovation and the future. It all comes down to risk aversion.

The pandemic has also reflected the decline in Europe's influence in the world. Since the beginning of the 2010s, Europe's influence has been undermined in the field of development aid and investment in developing countries by Chinese public and private policies, particularly in African countries. With the Covid-19 virus, China and Russia have contributed to the weakening of the reputation of a humanistic and caring Union. *"On the one hand, the European Union is not very present in terms of aid in accompanying the countries of the South in the fight against the coronavirus, including with the countries of the South that have formal relations with the Union within the framework of the Cotonou agreements. On the other hand, the European Union is virtually absent from its closest partners. Serbia, despite being an official candidate for membership, is buying the Russian vaccine because of a lack of EU funding. Morocco, which enjoys an advanced status with the EU and therefore a privileged partnership, is strengthening its relations with China and, in a press release dated 10 March 2021, the Russian Direct Investment Fund (a sovereign fund of the Russian Federation) announced the registration of the Russian vaccine Sputnik V in Morocco. As for Ukraine, a member of the Eastern Partnership, after having hoped in vain to receive doses of vaccine from the EU via*

[2] Main Science and Technology Indicators, OECD, September 2021.

[3] In the MFF 2021-2027 the projected funding for research is €95 billion, which represents 9% of the EU budget which represents 9% of the EU's budget. This increase is a consequence of the pandemic

Poland, which expected to have enough to serve it, it had to turn to India"[4]. With its mask diplomacy, Beijing has nurtured a new aspect of its so-called "fighting wolves" diplomacy: its ambassadors virulently spread propaganda about the public health ineptitude of European governments while at the same time communicating about their donations and sales of masks and vaccines[5]. Europeans, driven by the fear of disease and death, have become so focused on their own protection and health that they have neglected to act according to the humanism and universalism that they traditionally claim characterises their worldview.

In the health crisis, Europeans have considerably increased their political integration. The Covid-19 pandemic has confirmed the increasingly strong singularity of the entity that Europeans are creating under the name of the European Union. This revival

crystallises European resilience, enabled by the emergence of a European public opinion, and fostered by the shared expectation of citizens that the answers to problems should be developed at European level[6]. But it also reveals that particularities such as risk aversion and insufficient investment in research and development may turn Europe into an increasingly remote player, with waning autonomy in the world and a diminishing sense of universalism. The French Presidency of the European Union, which begins in January 2022, structured around power, recovery and belonging, will be essential to ensure that these advances are sustained and to structure responses that are equal to the challenges.

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[4] DUMONT, Gérard-François. *Les Analyses de Population & Avenir*, 2021.
[5] DUMONT, Gérard-François. *Les Analyses de Population & Avenir*, 2021.
[6] KAHN, Sylvain and PRIN, Estelle, "In the time of Covid-19, China's mask has fallen regarding Europe", *European Issue* n°569, Robert Schuman Foundation, 7.9.2020.
[6] Eurobarometer Standard 89 March 2018.

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