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Elections
2019

RSCAS PP 2019/01 Robert Schuman Centre for Advanced Studies

The Challenges of the Future European Parliament

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<b>Robert Schuman Centre for Advanced Studies</b>

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ISSN 1830-1541



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Printed in Italy, February 2019
European University Institute
Badia Fiesolana
I – 50014 San Domenico di Fiesole (FI)
Italy
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European Parliament elections in May 2019 come at a critical time in the evolution of the EU as these will be the first elections after the expected departure of the UK (March 2019) and at a time when divergence on many issues characterises member state relations. Wider global developments weigh heavily on Europe with the return of hard geopolitics and efforts to undermine the global multilateral order. The European University Institute (EUI) wants to highlight the major issues that are at the heart of the political agenda at this juncture as a contribution to the debate. The papers are part of a wider programme on the elections including the development of a Voting Advice Application (VAA), euandi2019, and an online tool specifically tailored for mobile EU citizens voting either in their country of citizenship or residence, spaceu2019.

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#### **Abstract**

Like all parliaments, at the beginning of its term the European Parliament will set its political priorities. This paper will outline some of the challenges that it will face after the election.

The Parliament which will be elected in May 2019 will most likely be quite different from the current one. The balance among the political groups is likely to change. A new qualified majority may drive fundamental EP decisions such as the election of the President of the Commission, the renewal of the Multiannual Financial Framework (MFF) 2021-2027 and all the legislation with a financial impact if no agreement is reached before April 2019.

This paper will analyse the interaction of various elements and how the EP could respond to these challenges. The new EP might represent the critical voices coming from a large part of public opinion – not only from the more radical parties but also from some Europhiles and Euro critics – and stimulate a radical but soft reform of the European project. Should the EP initiate a change in EU policies, it could be the beginning a more ambitious reform process which could go on to a revision of the governance of the EU and of the Treaties.

# **Keywords**

EP legislative and budgetary competences, Multiannual financial Framework 2021-2027, EU future legislation, EP majority, Election of the President of the Commission.

#### Introduction

The European project is in the middle of a deep crisis, a crisis of identity, due to an incapacity to transmit passion and vision to its citizens and to a loss of the values which have characterised the last two decades. Messages like united we are stronger, globalization will guarantee a better future, and technology will help the new generations no longer appeal, especially to the part of the population which does not, directly, benefit from a larger Europe.

The reality perceived by a large part of public opinion has been different to these ideals. The European Union has favoured the delocalisation of production to areas with lower labour costs and less social protection and globalization has encouraged imports from emerging countries which have destroyed thousands of jobs in Europe. The same applies to technology, which has made thousands of workers in Europe redundant. Despite this, Europe has remained attractive to thousands of migrants seeking a better future. The incapacity of the EU and the member states to manage this influx has increased insecurity among much of the European population.

All over Europe, radical parties have found a level of support that could not be imagined a few years ago, support which is expected to increase in the near future in most EU countries.

This absence of trust in the European project is not recent. In his first speech after his appointment (July 2014), J-C Juncker defined his Commission as the one with the last chance. A number of European leaders were aware of the dangers of the situation and open to taking the initiative. Many of those leaders have since disappeared from the political scene or have been weakened by the rise of radical forces. The situation has only worsened, and today the European project is in more danger than five years ago.

Since the French election (2017), the sense of urgency, at least in the EU bubble, has faded away. There is a general feeling that this crisis can be managed with the usual low-profile compromises, in a business-as-usual mode.

The European election in May 2019 will mark an important moment in the European process. This time the election to the EP could contribute to influencing the course of European development. Political parties need to offer their visions of how Europe should be shaped in the next decade.

If you expect to find a radical change in Europe in this chapter, you will be disappointed. The chapter aims to offer a concrete approach based on the short-term timeline and not a long-term vision of the future of the EU. If the EP can lead the beginning of a reform of the institutional balance, Europe will change. It will be more democratic and citizens may again value the European project.

# **European Union: state of play**

Without pretending to re-write the history of the last five years, I will focus on some of the transnational challenges faced by the European countries in this period:

- the financial and economic crisis and its impact on social welfare;
- the exposure of many countries to terrorist attacks;
- the migration crisis, which has dissolved solidarity with the countries most affected;
- the instability in geopolitical relations, with the resurgence of a danger from the eastern side of Europe and the abandonment by the US of its traditional role in economic and military relations with Europe;
- the impact of climate change on the European economy and the feeling of a necessity to lead a movement to reduce the factors at the origin of this deterioration.

The decision by the UK to leave the EU and the subsequent exit negotiations have probably undermined the EU's capacity to offer a strong and clear response to these challenges. The crisis has also enhanced a feeling of mistrust between European leaders. The rise of radical parties has conditioned the actions of the governments in the Council. In future, it might influence the decisions of the next European Parliament.

# The European Parliament

Since 1979, the European Parliament has been directly elected, but have we ever had European elections? This is the first cause of concern undermining the credibility of the EP. Rather than European elections, 28 national elections have appointed the members of the European Parliament. The European parties have so far failed to impose a European agenda on the national affiliated parties. Will the European parties be ready to impose a campaign on European themes?

Another element of weakness is the low turnout in European elections – declining since 1979 and below 43% in 2014. This would have been even lower if the anti-Europe parties had not motivated their electorates to vote. It is also particularly alarming that in the most recent democracies in central Europe the turnout is below 20% (CZ, SK) or 30% (HU, HR, SL, PL). There are a variety of causes of the lack of interest in European elections, and probably each country has its own specific reasons.

This time could be different! The rise of anti-European, Eurosceptic and euro-critical parties across most of the European countries will certainly change the panorama of the next European Parliament. National elections held since 2014 in a number of EU countries suggest that the rise of radical, 'nationalists/populists' and anti-European parties will be stronger. Even if anti-European parties do not succeed in creating a 'minority block' to impede the action of the qualified majority, the future qualified majority should listen to the signals of generalised discontent coming from part of the public opinion.

The current composition of the EP is more complex and it cannot be divided into pro- or anti-European groups. Such a division would not capture all the nuances existing in both camps. For this reason, the classification of the current political groups into blocks – the ones supporting the continuity of the European project, the Eurocritics in favour of a change in Europe, and the anti-Europeans pleading to transfer competences back to the national states – is not a straightforward exercise. The table below illustrates my perception of the current situation:

Composition of the current EP political groups after March 2019, without UK				
name	seats	main tendencies		
Group of the European People's Party (Christian Democrats)	216	Euro-continuity - Eurocritics		
Group of the Progressive Alliance of Socialists and Democrats in the European Parlia	169	Euro-continuity - Eurocritics		
Group of the Alliance of Liberals and Democrats for Europe	67	Eurocritics - Euro-continuity		
European Conservatives and Reformists Group	54	Eurocritics- Anti-european		
Confederal Group of the European United Left - Nordic Green Left	50	Eurocritics- Anti-european		
Group of the Greens/European Free Alliance	46	Eurocritics		
Europe of Nations and Freedom Group	34	Anti-european		
Europe of Freedom and Direct Democracy Group	24	Anti-european - Eurocritics		
Non-attached Members	19			
	679			

This classification is a simplification, but it shows the complexity of the situation. Even within the traditional political families there are differentiated positions. Behind the definition of Eurocritics there is neither a common vision nor common objectives. The internal relations within each group might change after the election favouring a change of position of the group.

#### The European Commission

It would be ungenerous to describe the activity of the Commission by mentioning only a limited number of themes relevant to the future. Two activities have occupied a large part of the work of the

Commission: the negotiations over Brexit and the preparation of the proposals for the next financial period. The proposals presented in May 2018<sup>2</sup> represent the starting point for reflections on the future of Europe and the challenge to the future EP to contribute and maybe take the lead in reforming the European project.

# A new majority in the future Parliament?

In previous elections, the turnover of MEPs has been about 50%. Forecasts suggest that this time it could be over 60%. If so, the EP will lose experience but will probably find new energy and a willingness to take a lead in more in-depth reforms to revive the European project, starting with reforming EU policies.

Up to now, there has been no attempt among the Eurocritics to create a common platform for reforms, but the time is right to find a new balance among and within the groups. A new season of reforms led by the EP could revive the European project. The creation of a platform to reform the EU could aggregate some of the traditional political groups and some of the Euro-critical parties and form the new qualified majority, which could place the future EP in the driving seat for the next term.

The EP will have three concrete and unavoidable opportunities to shape its agenda for reforms:

- a) the election of the President and of the entire Commission;
- b) the approval of the Multiannual Financial Framework;
- c) the shaping of all legislation after 2020.

# The election of the President of the Commission

The vote for the election of the President of the Commission will be the first test for the new qualified majority. Last term, the Spitzenkandidaten exercise was only successful because a large qualified majority was determined to reject any other candidate who did not issue from the first group in the EP. The situation might change after the election. European Political Parties might ask the European Council to appoint a candidate more capable of representing the coalition aiming to reform EU policies than an individual group.

Should the new coalition be solid and determined in its requests, it will be difficult for the European Council to resist without creating an institutional crisis. The support of the EP for a Commission President open to reforming EU policies could be the beginning of a season in which the European project is relaunched.

# The approval of the Multiannual Financial Framework

The Commission, with mild support from the EP,<sup>3</sup> insisted on the urgency of adopting the MFF before April 2019 so as to avoid the new Commission and the new EP re-discussing the whole package of proposals. However, the European Council did not share the Commission's urgency and an adoption by the Council and the EP before the election is highly improbable. Rushing the adoption of such an

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See the State of the Union speeches delivered by President J-C Juncker at https://ec.europa.eu/commission/priorities/state-union-speeches\_en

The legal texts and factsheets on the EU budget for the future are available at https://ec.europa.eu/commission/publications/factsheets-long-term-budget-proposals\_en

EP Interim report on the Multiannual Financial Framework 2021-2027 – Parliament's position with a view to an agreement, 14 November 2018, P8\_TA-PROV(2018)0449, paragraph 10, available at <a href="http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P8-TA-2018-">http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P8-TA-2018-</a>

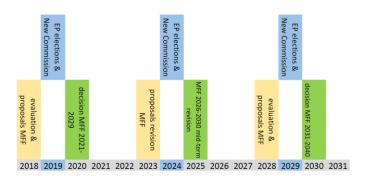
important financial and legislative package in the next months would be an insult to democracy and it would make the new Commission and EP politically irrelevant for the whole mandate.

The EP's influence on the total allocation of financial resources will be marginal, but it could nevertheless impose its position on at least one important institutional element of the MFF: its duration. In the interim report adopted in November 2018, for the first time the EP called for a MFF duration of 10 years (5+5, with a compulsory mid-term review) but, due to a lack of ambition, the EP did not insist on achieving this important institutional outcome immediately. A new Parliament could be more ambitious and make the duration of the MFF one of its conditions for giving its assent to the future regulation.

Timing the duration of the MFF to match the institutional cycle would reinforce the democratic legitimacy of the EU. This different structure of the timeline would present a number of advantages. It would:

- ✓ allow a longer programming period, which would offer more continuity to EU policies;
- ✓ allow a mid-term review/revision every 5 years, in line with the institutional calendar, reinforcing the scrutiny of EU policies;
- ✓ allow the possibility for the outgoing Commission and EP to make proposals;
- ✓ oblige the political parties and the Spitzenkandidaten to present their options during the election campaign;
- ✓ give the responsibility to the incoming Commission and EP to adapt the MFF and legislation to the priorities presented during the election.

The table below outlines the possible alternative timeline.



#### An agenda for reforms: the policy options

The EP, which is co-legislator for all legislative package with a financial impact, will have a decisive power in influencing and shaping EU policies for the next decade. Its normal approach consists in proceeding to the examination of each individual proposal by the sectoral committees. The committees, working in close connection with the Commission, have a tendency to give continuity to EU policies, although with amendments. The committees are therefore not fit to drive a global reform of EU policies.

A platform for reforms should be presented, ideally by the European Parties before the election, or by the newly constituted political groups. The platform for reform should be discussed with civil society and the national parliaments. The EP majority should then propose a revision of EU policies for the next decade as a first step towards relaunching the European project. A reform of EU policies will not be a win-win exercise; the dismantling of old and comfortable policies will cause fierce reactions. These reactions can only be overcome with credible global proposals focusing on policies with higher added value and by reducing the cost of the EU and the burden on national budgets, eventually financing EU policies with European taxes transferred to the EU Budget.

# European added value

European added value (EAV) should be the leading concept in the reform of EU policies. EAV is not a vague concept behind which every member state tries to achieve its national interests. A European policy brings added value if:

- i. it produces savings on transaction costs. Expenditure at the EU level is cheaper than 27 national initiatives;
- ii. it produces cross-border benefits, funding policies that can facilitate economic growth;
- iii. it raises the threshold, allowing investments which would be too expensive for a single member state.

Respect for EAV should be a prerequisite not only for approval of EU policies but also in the implementation of these policies. It requires a commitment by the member states and the legislative authority and solid evaluation and scrutiny mechanisms.

#### Reshaping traditional policies

It would be illusory to think that in this period of political crisis for Europe a relaunch of the European project could include an increase in the financial transfers from national budgets to the European one. The Commission proposals introduce some homeopathic changes. During the long preparation, the Commission offered a number of more radical solutions with options to reduce traditional policies to create space for new challenges.

The following paragraphs do not claim to provide any magic solutions but only to draw attention to areas where the EP could consider a more radical reform of EU policies to respond to citizens' main worries.

# Common Agricultural Policy

Agriculture is the first and only policy without national co-financing. Its share of the EU budget decreased spectacularly after the 1980s and has continued to decrease since 2000. The introduction of co-financing (i.e. 30% to 50% according to the member state) could substantially reduce the burden on the EU Budget.

In spite of the reform in 2013, the distribution of agriculture funds continues to favour larger farms. 20% of the richer farmers receive 80% of the total funds. According to Tangermann,<sup>4</sup> the 2013 CAP reform "continues to act in favour of the status quo and against determined policy reform. Economic rationality is ignored as long as possible." In a paper of February 2018<sup>5</sup> the Commission advanced the idea of introducing "changes to the system of direct payments ... to focus payments on expected results" and to sustain production in less profitable areas, in small and medium-sized farms, and with better coordination with rural development measures. The document envisaged a reduction in the CAP budget of 15% or 30%, which would allow a saving of between  $\epsilon$ 00 bn and  $\epsilon$ 120 bn over the seven-year period. The introduction of national co-financing, in line with the other European policies, would considerably

S. Tangermann and S. von Cramon-Taubadel, Agricultural Policy in the European Union - An Overview, Göttingen University, 2013, ISSN 1865-2697, available at

https://www.uni-goettingen.de/de/document/download/.../Diskussionsbeitrag-1302.pdf

Communication on A new modern Multiannual Financial Framework for an EU that delivers efficiently on its priorities post-2020. COM(2018) 98 final, 14/2/2018. Available at https://ec.europa.eu/commission/sites/beta-poli; tical/files/communication-new-modern-multiannual-financial-framework\_en.pdf

increase the potential savings. According to Claeys and Darvas,<sup>6</sup> direct aid, as it exists, is more a social measure and, as such, could be transferred back to the MSs, revising the rules on state aid. The Cohesion policy

A reassessment of the Cohesion policy could reinforce the conditionality and redress the structural weaknesses of MSs. This could be another objective of the new Cohesion policy. Once again, the Commission paper of February 2018 offers food for thought. It envisages the possibility of reducing the geographical extent of the support. This could generate a reduction from  $\[mathebox{\em conditions}\]$  bn to  $\[mathebox{\em conditions}\]$ 

# Accompanying measures

Other measures could lead to a better use of EU resources and eventually also to a reduction in expenditure:

- ⇒ a strict application of European added value for every programme;
- ⇒ a suppression of fixed envelopes for each regulation;
- ⇒ a suppression of national pre-allocation.

EU policies should be financed according to their European merit and to the effectiveness and efficiency of each measure. The EU budget should be focused on results, as the Commission is trying to achieve, but with modest results.

# A more protective Europe

In the last 30 years, many transnational challenges have appeared to which a united Europe could clearly respond in a more effective way than the single member states. World geopolitics have changed and there is urgency for a closer Europe in a number of areas.

This book offers deep reflections on future possible developments in the most relevant policy areas. Below, some of the areas where a closer Europe could better protect European citizens and contribute to a relaunch of the European project are listed. Security in Europe<sup>7</sup>

European defence could make Europe and the Member States stronger in the world. Some of the key factors to improve Europe's security are:

A coordination of member state intelligence services to make Europe more efficient against terrorist threats:

- → joint protection of EU borders;
- → management of the migration influx in order to regulate access and the facilities offered;
- → enhancement of cybersecurity to protect the privacy of EU citizens and protect against fake news, a new problem which can only be dealt with in a coordinated way;
- → enhancement of coordination against criminality through common rules and a structure to defend citizens from cross-border criminality.

G. Claeys and Z. Darvas, The Commission's proposal for the next MFF: A glass half-full, Bruegel, 2018, available at http://bruegel.org/2018/05/the-commissions-proposal-for-the-next-mff-a-glass-half-full/

See the chapter by S. Carrera on The State of the Schengen Area in the Light of the 2019 European Parliament Elections; F. Trauner, EU Internal Security: Countering Threats and/or Respecting Fundamental Rights; M. Ruhs and A. Geddes, Reforming Asylum and Migration Policies in Europe: Attitudes, Realism and Values.

More effective cooperation in these areas can shape the Europe of the next decade. All these points are already on the agenda and many of the member states share this necessity. To raise the game, in addition to political willingness supplementary financial resources will be necessary. Climate change<sup>8</sup>

The commitment to reduce CO2 emissions to combat climate change is a policy that the EU member states need to pursue together. Protection of our environment is a duty and Europe has taken a leading role in the battle to reduce CO2 emissions by 2050. The development of an EU policy for European cities to reduce CO2 with smart mobility would not only be effective in substance but also visible to a large number of citizens living in cities.

The European Social Agenda<sup>9</sup>

Social elements already exist in many EU policies but there is pressure, not only from less developed areas but also from economic sectors, to reinforce and better structure the European Social Agenda. The existing financial tools should play a more important role: the ESI could focus more on the areas most in need; EFSI 2.0 could focus more on social infrastructure, health care, housing, education and integration challenges; Erasmus+, the Youth Employment Initiative and the European Globalisation Adjustment Fund should be maintained and reinforced. Hemerijck and Rinaldi suggest a roadmap for a new Social Agenda:

- ✓ acknowledge synergies between economic competitiveness and social protection objectives;
- ✓ make the EU a model for the member states for a 'social investment turn;'
- ✓ define the appropriate policy mix for action at every level of governance and in the private sector;
- ✓ deliver on social investment post-2020.

A reinforced European Social Agenda could be the positive response that some citizens who have turned against the European project expect.

# Relations with the Middle East and African countries

2016 and 2017 saw a dramatic increase in the numbers of displaced people from the Middle East and the North Africa region. Whatever the causes – conflicts, poverty or insecurity – these multiple complex emergencies are of an unprecedented size. It is illusory to think that this situation will stop in the coming years unless some of the causes are removed. Some member states are tempted to solve the problem by closing their frontiers but this a short-term view which will not pay in the end.

Long-sighted relations should be built in these regions, which are too close to Europe to think that they will not be a common problem for the Europe of 2030. This policy to increase support in the migration countries has already started, but the amount of support could be raised in the next decade. This is another area where a new European policy with supplementary financial resources can shape a safer world for the next decade.

European Defence<sup>10</sup>

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See the chapter by S. Borghesi and J.M. Glachant on Carbon Pricing, Decarbonisation, Digitalisation: the Future and the Challenges of the EU Climate and Energy Policy.

See the chapters by E. Immergut on Welfare State Futures: Supporting Solidarity in Europe and by C. Kilpatrick on Social Europe.

Anton Hemerijck (2018), Social Investment as a Policy Paradigm, Journal of European Public Policy, Volume 25, 2018 - Issue 6 and Anton Hemerijck (2016), Making Social Investment Happen for the Eurozone, Intereconomics, Volume 51, Issue 6, pp 341–347.

<sup>&</sup>lt;sup>10</sup> See the chapter by B. Tonra on Defence Union.

The situation has changed in recent years with the election of a new President of the United States and a new instability in former Soviet Union regions due to the attitude of the President of Russia and conflicts in the Middle East resulting from the presence of so-called Islamic State and all its variants. The comfortable situation which Europe had known since the end of WW2 is suddenly over. In November 2016 the Member States initiated a process adopting an EU global strategy in the area of security and defence based on three ambitious strategic priorities: a) responding to external conflicts and crises, b) building the capacities of partners, and c) protecting the European Union and its citizens.

It is too early to say whether this policy will develop as a part of the EU, of an asymmetric EU or even as reinforced cooperation among a limited number of member states. The different institutional solutions are not irrelevant, but at this stage it is important to draw attention to the need for closer European cooperation to shape the Europe of 2030.

# **Conclusions**

The relaunching of the European project cannot be done through the business-as-usual approach. The future EP could take a pro-active role in opening a season of deep reforms of the European Union.

Should the European elections confirm the rise in discontent and of anti-establishment parties, the new EP majority should determine an agenda of reforms that the EP should try to implement using all the competences that the Treaties have attributed to it. In the past, the EP has proven capable of finding viable compromises when the Council was blocked by crossed vetoes.

The EP would have the possibility of emerging as the institution capable of making concrete proposals and leading a change which could reverse the anti-European feeling emerging among much of the population. This chapter has tried to offer some avenues of reflection on concrete cases.