Members of European Parliament Elections
Publication Two:
The Issues

YOUNG FABIANS
# Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>7</td>
</tr>
<tr>
<td>The European Economy</td>
<td>10</td>
</tr>
<tr>
<td>Economy and Austerity</td>
<td>22</td>
</tr>
<tr>
<td>Socialist and Democrats</td>
<td>32</td>
</tr>
<tr>
<td>Member States’ Finances</td>
<td>42</td>
</tr>
<tr>
<td>Right Wing Populism</td>
<td>52</td>
</tr>
<tr>
<td>Brexit</td>
<td>64</td>
</tr>
<tr>
<td>Predictions</td>
<td>84</td>
</tr>
<tr>
<td>Bibliography and Further Reading</td>
<td>89</td>
</tr>
</tbody>
</table>
Introduction

Charlotte Norton

Over the course of the year, a group of Young Fabians have been researching the issues in the EU election. Our previous publication comprising a series of factfiles on each country taking part in the election is available on our website.

This publication examines the issues that voters will be facing. It is an important study on the eve of the European Parliament elections, as the European electorate heads to the polls in the shadow of a populist wave. Our contributors have begun the vital work of highlighting how the centre-left can rebuild after a decade of difficult election results and how a radical programme can help combat the far-right threat.
In the conclusions of this research, we see the beginnings of a pan-European political sphere as democratic socialists and social democrats – the component elements of the Socialists and Democrats in the European Parliament - once again are at the forefront of the struggle against the likes of the Lega, ÖVP and the Brexit Party.

We see the role of the Young Fabians as part of the pan-European revival and re-invigoration of the left and are keen to contribute the ideas and talents of our members to this ambitious project. We are working with the Fabian Society, the Federation of European Progressive Studies, the Young European Socialists and other organisations to build a network that will, in turn, produce the radical policy that will help the left regain the trust of voters across Europe and once again be the torchbearers of the hopes of ordinary, working people.

I would like to thank everyone for their hard work on this project and look forward to analysing the results with the team in the months to come. Thank you particularly to Imogen Tyreman for her assistance in editing.

**Key findings include:**

- The EPP are predicted to lose seats though will, most likely, still return as the biggest parliamentary party in 2019, paving the way for Manfred Weber to become the European Commission President.

- Eurosceptic parties are expected to garner somewhere around 250 seats, compared to around 470 for pro-European parties and a further 30 or so seats that are unclear.
· The predicted outcome is for the left as a whole to gain a total of 35% of seats.

· The idea of a European minimum wage, set as a percentage of member-state income, is gaining traction across the left.

· Centre-left parties find their electoral coalitions squeezed by insurgent Greens and Eurosceptic parties strong in rural areas.

· Iberian success stories of Costa and Sanchez show that success can be achieved if the left has bold projects and is unafraid to build coalitions with parties of the radical left.

· Populism is challenging the established narrative that “portrays European integration as a modernisation project”.

· Support for far-right populist movements within Europe has stemmed partly from the exploitation of national and regional imagined communities and the citizens-elite gap.

· Support for the EU has increased across the EU since Brexit, that does not translate into EP election turnout or an increase in the S&D vote share.

We hope you find our research both interesting and thought provoking. We will be launching the third publication in late summer or early autumn. Our team will provide an analysis of the results based on our research throughout the year, and look for lessons to be learned for Socialists and Social Democrats around the world.
Is there such a thing as a European economy?

Phrases like the “Eurozone crisis” imply and encourage a way of thinking about the European economy as a unified whole. It makes us think of Europe’s economy as one giant,
undifferentiated, whole. We can think of the European economy like one ‘national’ economy.

That would mean, like national economies, if the economy was in a poor state we would expect voters to punish governing parties. With regard to European elections, this begs the question, would they punish their respective member-nation’s ruling party, or would they punish the biggest block in the European Parliament and Europe’s de facto ruling party, the EPP?

The answer to this question lies in the simple fact that Europe is not one economy. Globalisation and integration may have made member states economies more interlinked, but interlinked does not mean identical.

Each nation’s economy bears markers that are distinctively its own. Even within the richer countries of the Eurozone, the difference is stark: France’s unemployment rate approaches double digits, Germanys is consistently below 5%. Even the ‘eurozone crisis’ was one which was defined by the differences between the states, between debtor and creditor nations.

Talking about the “European economy” ignores these differences. Importantly for the purposes of this report, voters recognise that a healthy European economy does not mean a healthy importantly for the European elections. In Eurobarometer polling from the end of 2018 revealed the differences voters see between how well their own national economy is doing and how well the European economy is performing: Greeks net rating for how the economy was performing was -2% but for their own it was -88%. For German’s, 38% more thought positively than negatively about the European economy but for
Germany’s own the figure was 78%. They clearly see the state of the European economy as being separate from their own. This reflects the reality that even in the Eurozone, economic policy is still mainly determined by each member state.

For example, the 26,693,643,936 actually spent on the European Regional Development Fund was 26 billion euros but the total expenditure of 7,000 billion of all EU 28 member states. This means a flagship EU fiscal policy accounted for 0.3% of member states total expenditure. When it comes to fiscal affairs, the EU budget is still a drop in the ocean compared to individual state expenditure.

*How important is the economy?*

This European election round has been cast as one of involving the mainstream parties fighting against a rising populist tide. What is the role of the economy in this trend?

There are two issues with judging the impact of economic issues, like unemployment and inequality on the rise of populism. First is defining ‘populism’: sometimes it’s used to describe parties of the left, like Syriza and Podemos, sometimes for those on the right like Vox or Front National. With the former, the economic links are more obvious with radical change to the economy and rejections of austerity emphasized in policy and messaging. With the latter, they’re more indirect. For example the Europe of Freedom and Nation’s five platform points are
“Democracy, Sovereignty, Identity, Specificity and Freedoms.” none of which are strongly economic in their outlook.

This doesn’t mean right wing populism is unaffected by the economy. Since the 2008 financial crisis, despite the fact growth has returned it has been less inclusive, as the rate of convergence both between and within states has slowed. Despite the fact growth returned by 2011, it took till 2015 for poverty to return to pre-crisis levels. This could well be driving frustration with the status quo and pushing voters to any party which promises radical change.

Nor does it mean that the success of right-wing populists would not affect economies, it’s entirely possible higher public spending will be adopted in an effort to stem the populist tide. It also believed that the potential link between fiscal tightening and Euroscepticism was behind the Commission’s decision not to launch measures against the Italian government over the size of Italy’s budget deficit.

The Union has a very weak fiscal role and parliament is sidelined from the monetary side of economic policy. Nonetheless, the economic turmoil in recent years has at least contributed to the rise of populist challengers to the two big political groupings.

Alongside the fact most people continue to think of the economy in national terms, what this means in practice is that it’s unlikely we’ll see the economy debated in terms of who is most ‘competent’. Instead, it’s far more likely we’ll see the economy discussed through particular policies and visions of Europe.
What are the parties saying about the economy?

Due to the lack of specific manifesto policies in the run-up to the European elections, the easiest means of gauging opinions on something like the economy is to look at national elections within specific countries or, alternatively, to look at what European parties have done during their time in power.

The Alliance of Liberals and Democrats for Europe (ALDE) is a parliamentary grouping that includes Ciudadanos in Spain, Volkspartij voor Vrijheid en Democratie, Mark Rutte’s party in the Netherlands, Open VLD in Belgium and (for now) the UK’s Liberal Democrats. In their 2019 manifesto, written last November at their Madrid conference, contains the majority of its published economic policy. First and foremost, like the EPP, ALDE reaffirms its commitment to free market principles and the need for a strengthening of the internal single market: “The European Union needs to continue setting global standards in international trade and promote free and rule-based trade as an essential source of prosperity.”

The EPP, in its 2019 manifesto explains that “We need to complete the Single Market. Removing the last obstacles to a truly free movement of people, services, goods and capital will be indispensable. We will continue to work for freer and fairer international trade.” In a similar vein, ALDE perceives one of the EU’s greatest threats to be a new rejection of traditional World Trade Organisation-led trading principles. It raises China as the principal offender in this case. The detail given to sustainable and environmental economic principles it calls for
a carbon neutral European economy by 2050, along with a 55% reduction in carbon emissions on 1990 levels by 2030.

ALDE argues that an extension of single market access for green technology companies would be a key step in achieving this, writing that “the role of private actors is therefore crucial, and we need a stable framework for sustainable investments and finance.” While there is no policy suggestion on redressing the gender pay gap or women’s exclusion from the labour market, ALDE suggest that a “continued assessment of the effectiveness of existing workplace policies and workplace values is necessary. As is a trend in many policy promises ahead of these elections, ALDE makes a commitment to Research and Innovation (R&I) funding in its manifesto. The EU commitment of investing 3% of its GDP into R&I by 2020 would be upheld as well.

A greater mobility for workers, including easier recognition of qualifications across the EU, would optimise employment opportunities and, combining this mobility with adult education, particularly in digital skillsets, would help new opportunities to be shared among a wider demographic in the population. The evolution of the digital economy and the “AI revolution” will herald investment opportunities and therefore a growth in employment, according to the party’s manifesto. The EPP clearly agree with this too, stating that: “The European Union needs to continue setting global standards in international trade and promote free and rule-based trade as an essential source of prosperity.” Aggregated polling from EuropeElects.eu has ALDE on 105 projected seats, a rise of 38 seats from its 2014 total though this could be partially down to a proposed electoral deal with Emmanuel Macron’s La Republique en
Marche! The EPP are predicted to lose seats though will, most likely, still return as the biggest parliamentary party in 2019, paving the way for Manfred Weber to become the European Commission President.

The S&D have numerous policy papers on the oncoming digital revolution. At the front and centre of their paper, A Digital Revolution that works for everyone, compiled by Josef Weidenholzer, the Austrian SPÖ MEP, is the policy of digital taxation. Particularly in the wake of the numerous tax avoidance exposés in the years after 2014, the S&D have emphasised the need for a taxation system appropriate for the digital era, writing that “global players such as Google, Facebook or Amazon avoid paying due taxes because they do not have a physical presence in a country.” They argue for development on the European Commission’s harmonisation of taxation within the single market and that “Europe should be the world leader on digital taxation”. As is probably expected from the S&D’s Party of European Socialists (PES), a major economic focus in their 2019 manifesto, A New Social Contract for Europe, is inequality. They begin the first chapter by writing: “Inequality must be dramatically reduced and the concentration of wealth and property in the hands of a privileged few must stop.” The main economic focus of PES is, as with their programme for the digital revolution, to modernise the economy in a way that prioritises certainty and security for working people in the EU. In the opinion of PES, this can be done through a strengthening of Europe’s trade union relations and a ‘European complementary unemployment insurance mechanism’ where Europe would come to the rescue of Member States experiencing a sharp upturn in unemployment. “Morally and economically
unjustifiable” in-work poverty is a particular focus of the PES manifesto. A European Labour Authority with a Social Action Plan integrated into the EU Pillar of Social Rights would help to combat labour insecurity. “All workers must have the same rights: no job without a contract, no job without a fair salary, and a ban on zero-hours contracts and fake self-employment.”

The trend in Europe since 2014 have seen European social democrats hammered at the polls, with near-existential threats posed to parties such as Parti Socialiste in France, SPD in Germany and Matteo Renzi’s Partito Democratico in Italy. Some light relief is expected to come in countries such as Spain and Portugal, though centre-left parties find their electoral coalitions squeezed by insurgent Greens and Eurosceptic parties strong in rural areas. Figures suggest, however, that- should the UK decide to participate in European elections- Labour could help the S&D a lot, providing around 19 extra MEPs, which would help them to close the gap on the EPP. Manfred Weber, the EPP’s Spitzenkandidat, has opposed the UK’s possible participation in European elections as his party’s fortunes would only be worsened in this instance, given that no British party has been part of the EPP since David Cameron moved the Conservative party to the ECR in 2014. Labour’s additional seats could provide the S&D alliance an opportunity of wrestling full control of the Commission presidency for the first time since Gaston Thorn’s term ended in 1985. The PES’s Spitzenkandidat is Timmermans.

The Greens-Europe Free Alliance (G-EFA), including European Green, left and regionalist parties has, unsurprisingly, put large emphasis on investment in green technology. Through a ‘Green New Deal’ not dissimilar to the deal supported by
Alexandria Ocasio-Cortez in the US, G-EFA claims that “Europe has the chance of becoming a global leader in the just transition to a carbon-neutral circular economy”. This could be done through investment in green manufacturing and finance, with strong regulations to prevent ‘greenwashing’, a term to describe companies who falsify or exaggerate details of the sustainability of their products and manufacturing process. G-EFA argues for the common Sustainable Development Goals in the EU to overcome the importance of any trade deals with foreign powers, saying that “Industrial (de-)regulation and trade agreements must not be allowed to undermine or stand in the way of environmental and social progress.” Though the non-environmental economic principles in the Greens manifesto is similar to the principles of PES, they do advocate “national experiments” with the universal basic income and working-week reductions. While Green parties have been experiencing success at a national level in many European countries, most clearly in Germany and the Netherlands, their share of European Parliament seats is expected to stay more-or-less the same. Their Spitzenkandidaten are Ska Keller of Die Grüne in Germany and Bas Eickhout of GroenLinks in The Netherlands, though they are likely to form part of any parliamentary coalition to make PES’ Wolfgang Timmermans the Commission’s President.

Pan-European Keynesianism

The Party of European Socialists (PSE) manifesto commits the group to support a “complementary unemployment insurance
mechanism” to support member states undergoing national shocks. A stabilisation system of some kind has already been agreed by the Commission and Parliament but this looks like it will take the form of a loan rather than an redistributive “insurance system”. This insurance system idea is hardly new, it has been floating around since the 1990s, but if implemented in the next few years it would be a radical supranational system of stabilisation. The fight will likely be between those who want payment to be more automatic and those who want the European institutions to control when funds are allocated.

An even more radical - but also far harder to implement - idea in the party’s 2017 booklet on technological disruption, was the suggestion of a common, complementary unemployment insurance to be given to individuals to complement national insurance.

Depending on how these various insurance systems were implemented, they could help reduce the impact of future recessions by providing rapid support to economies in crisis. What will make them effective is their automatic nature, but establishing such automatic payouts will need a massive amount of political bravery and a willingness from all states to surrender more power to European institutions.

European minimum wages

The PSE pledges to establish minimum wages across Europe. The Germany Social Democratic Party, which at the moment
has the most MEPs of any member party, commits itself to a minimum wage of 60% of the average national wage. The pledge of minimum wages across Europe is nothing new for the PSE but it is interesting to look at its potential impact of the specific German proposals. In the UK 2018 someone working full time on the minimum wage would earn £15,269 whilst the median income for a full time employee was 29,588. That makes the UK’s minimum wage just under 52% of the average. A 60% rate would make it £17,700, a figure over the Real Living Wage for a full-time employee in 2018.

This would be a bold step to supporting the inclusive growth many areas in Europe have been lacking. However it’s already provoked opposition from the right. The German Christian Democratic Union has attacked calls for a European minimum wage. Angela Merkel’s successor Annegret Kramp-Karrenbauer has argued this amounts to European Statism. Rather than new supranational structures and rules, what is needed is collaboration between states according to AKK. What is interesting about this clash is that German politicians are clashing on European politics along party and ideological lines, not uniting against other member-states perspectives.

A democratic socialist Europe?

Yanis Varoufakis’ new DiEM25 grouping takes explicit aim at the “de-politicised” institutions that run Europe’s economy, taking up the argument that rather than being de-politicised, neo-liberal thinking was embedded. It therefore calls for a
democratisation of these institutions and their functions with an immediate call for their meetings to be broadcast and a call for a constitutional assembly to change the way Europe is governed.1 This linkage of the economy and democracy and the democratic socialist ideas at its heart are more radical than the PSE’s more social democratic proposals. The question is whether, a decade after the financial crisis, does this critique of the ‘Troika’ still have the power it once had?

Green growth halted

On the economy, the Greens echo much of what the PSE promises including tax justice, fighting ‘social dumping’ and ensuring decent minimum wages. Predictably, greening the economy is high on their agenda. However, when it comes to policy, the Greens haven’t come up with a policy which might get them past the handicaps that come with their “post-materialist” slant. In countries facing an economic slump, like Italy, support for the Greens is far lower than in states where they’re seen to be surging like The Netherlands and Germany. Without a policy that attracts voters struggling economically, the Greens are unlikely to achieve the leadership of the European left they’ve hoped to achieve.
How important do voters find it?

There are several indicators in the Eurobarometer which could be classified as showing economic interest. In the media, the economy remains at the forefront of European affairs, with the memory of the 2008 financial crisis and the ongoing experience of austerity lingering in many European Union member states.
The Eurobarometer report of November 2018 highlights that at national level, many economic issues are noted by respondents as the most important issue, including unemployment (23%), inflation and the cost of living (21%), social security (20%) and the broad economic situation (15%), while government debt and taxation are mentioned by less than ten per cent of respondents. Roughly half (49%) of Europeans think their current national economic situation is “good”, while 48 per cent report it as “bad”. There are obvious extreme responses, with only six per cent of Greeks reporting their economic situation as “Good”, while Maltese, Luxembourgish, Dutch, Danish, Swedish, German, Austrian and Irish respondents all report much greater bullishness. 91% of Maltese respondents, for example report confidence. For comparison, only 46% of British respondents believe that the UK’s national economy is in “Good” health. On broader European trends, just under half of respondents report that they consider the European economy to be in good health, while 38% state that they believe it is in poor health.

Recovery from the Economic Crisis continues, at least at a European level. Growth is fairly sluggish across Europe, at below two per cent in 2017 and 2018 at a European level. In the Euro area, GDP growth was down in 2018, to 1.9 per cent, down from 2.4 per cent in 2017. Inflation has climbed from 1.5 per cent to 1.8 per cent in the same period, while unemployment has fallen from 9.2 per cent to 8.2 per cent, while deficit has fallen to -0.5% of GDP, while gross public debt has fallen by 2 per cent to 87.1 per cent, year-to-year. The forecasts for this year and next year, however, project GDP growth will continue
to fall, unemployment should fall, while deficits should climb marginally, though gross public debt will fall. This sluggish growth is likely a legacy of the ongoing austerity seen in many European countries, and is a significant concern for policymakers, even as Europe has weathered the financial crisis.

This does conceal significant variation across Europe, with significant growth existing in some countries. At the higher end, the European Commission’s Directorate-General for Economic and Financial Affairs forecasts show Estonia grew by nearly 5% in 2017, while Hungary grew by 4.1% in 2017, and nearly 5 per cent in 2018. Malta’s growth of 6.7 per cent in 2017 and 6.6 per cent in 2018 is certainly towards the top end, as is Romania’s, at 7.0 per cent GDP growth in 2017. Looking at post-bailout countries, Ireland, whose experience of austerity in the aftermath of the economic crisis involved a Troika bailout, growth in GDP in 2017 was 7.2%. Similarly, Portugal’s recovery (significantly for the left, led by an anti-austerity Socialist-led Left Coalition) saw its GDP grow by 4.8 per cent in 2017, and 5.1 per cent in 2018. However, other bailout countries have seen less growth. Indeed Greece’s GDP grew merely 1.5% in 2017.

Looking at the largest of EU member states, the picture is in line with picture of a sluggish EU average, with both France and Germany hover around 2% GDP growth over the last two years, with the forecast for Germany in 2019 at only 0.5%. Similarly, Italy’s 2018 growth was only 0.9% and in 2019 is forecast at merely 0.1 per cent. Spain, however grew by 3 per cent in 2017 and 2.6 per cent in 2018. By comparison, the UK grew by 1.8 per cent in 2017, and 1.4 per cent in 2018.
Looking at the Eurozone, the figures are largely in line with the EU average (2.4 per cent GDP growth in 2017, and 1.9 per cent in 2018). The current account deficit still exceeds the Maastricht criteria of 3 per cent, at nearly 4 per cent in 2017. Similarly, Gross Public Debt was at 89.1 per cent in 2017, and 87.1 per cent in 2018. Nonetheless public debt is forecast to decline as a percentage of GDP, with forecasts of 85.8 per cent in 2019 and 84.3 per cent. This compares with the Maastricht convergence criterion of public debt at 60 per cent of GDP. The Maastricht criteria are speculated by many to have placed significant constraints on strengthening the sluggish growth levels spoken of earlier.

What are the parties saying about it?

The Party of European Socialists manifesto pledge to “finally put an end to austerity policies.” Indeed, many of the statements in the PES manifesto fall in to this category, seeking to wind back austerity and combat income inequality through action on unemployment, zero-hours contracts, and in-work poverty. Given that recent Parliaments have seen a grand coalition between the S&D group and the EPP group, and statements from S&D leader Udo Bullman that it will no longer facilitate a grand coalition with the EPP, and indeed the likelihood of a loss of a majority between the two larger groups, it is likely that austerity in Europe will finally end. The advent of the European Pillar of Social Rights under the last parliament was something that the Socialists welcomed, and in their manifesto, propose
strengthening the Pillar in to binding rules with respect to the labour market, including the roll-out of the European Labour Authority, living standards, and welfare systems. Some of the more interesting proposals include a European complementary unemployment insurance mechanism, a “Just Transition Fund” with respect to climate action, and talk of a “Long-term investment plan” - specifically to deal with an industrial strategy that takes account of climate change, and digital innovation.

The European People’s Party (EPP) manifesto pledges five million new jobs, particularly led by the SME sector, highlighting the Party’s emphasis on free-trade agreements o do so, as well as enabling financing schemes for entrepreneurs. On competition, however, the EPP appears to differ from the current European approach to competition under the Liberal Commissioner Margrethe Vestager, of rigorous enforcement of competition policy. Instead, the EPP manifesto stresses a “forward-looking European industrial and competition policy which will allow global champions to be built in Europe, in order to challenge our competitors in China and the US. Significantly, the EPP manifesto stresses it will enforce agreed economic rules on national finances - referring to Maastricht rules on deficit and debt ratios. Their manifesto stresses tax distribution and fighting tax evasion, and pays reference to the “reduction of red tape” that one would expect from the EPP. Additionally, the EPP talks of the need to transition the European Stability Mechanism in to a European Monetary Fund.

Expectedly, the Alliance of Liberals and Democrats in Europe (ALDE) stress the importance of free trade in their manifesto, though mentioning the role of the welfare state in a globalised
economy. Aside from mentioning the development of entrepreneurial skills and investments in education to combat unemployment, and a reiteration of the importance that the Liberals place on competition in the European Digital Single Market, the manifesto of the Liberals is fairly light on reference to the economy. However, there are some references to reform of the Economic and Monetary Union, the development of the Eurozone Banking Union, and, as with the EPP’s policy, reform of the European Stability Mechanism into a European Monetary Fund.

The European Greens manifesto in parts echoes many of the points laid out elsewhere, specifically with respect to tax. As with the EPP and the Socialists, they talk of the importance of combating tax competition, tax evasion, and propose a European digital tax. Several points echo the socialist manifesto, emphasising decent jobs and economic security. Interestingly the Greens also reference minimum income and basic income experiments, and foreground the Green New Deal and an end to austerity, as well as a green industrial policy. Additionally, the Greens back strong competition policy, and are much less bullish on free trade than the Liberals.

The European Conservatives and Reformists is significantly less integrationist, and calls for “flexible integration”, in line with recent proposals for a two-speed Europe. As with the Liberals, the ECR programme is explicitly pro-Free Trade, and seeks to complete the Single Market, however is similarly explicit in their opposition to tax harmonisation, stating that “European diversity and tax competition are one of the sources of European prosperity.” They call for a “multi-currency EU” allowing for further
opt-outs, though interestingly calling for a more federalized Euro complete with a European finance minister and department. In significant contrast with most other European parties, the ECR are much less favourable toward a European Social Model, stating in their manifesto that “the EU is a trading bloc, not a social security scheme.”

The Party of the European Left is one of the European parties making up the European United Left/Nordic Green Left group (GUE/NGL), made up mostly of communists and democratic socialists. Significant proposals in their 2019 manifesto include taxation of capital flows, and changing the mission of the European Central Bank to include an unemployment target and ending its independence. As with the Socialists and the Greens, they seek to end austerity and promote public investment, as well as securing what they describe as “adequate salaries” and universal pension access. In contrast with the Liberal position, they seek to apply human rights conditionality to trade agreements.

On the far-right, there is much less coherence in electoral strategy, with the likelihood of new groups emerging after the elections, meaning European Election manifestoes are not a priority, and given their generally anti-integrationist position, it is unsurprising that they tend not to speak of European-led economic policy. The Europe for Freedom and Direct Democracy Group no longer have a Europe-wide Party structure, while the Movement for a Europe of Nations and Freedom is specifically anti-integration and speaks of “specificity” and “sovereignty.” The far-right European Alliance of Peoples and Nations is likely to replace the Europe of Nations and Freedom.
Who is winning the argument?

The EPP approach to competition policy is not likely to pass muster in Europe. The fines levied by the European Commission on Google and Apple particularly have been highly significant, and attracted significant international attention. This is seen in the Liberal manifesto, and the sense seen in the Green manifesto.

Despite the language on curtailing free trade agreements specified by some parties, it is likely that producing free trade agreements with additional markets will be a significant focus of the next Commission.

However, the hegemonic logic of austerity has significantly declined in recent times, and with the Socialist leadership taking a more assertive stance, and support to its left flank, it is likely that emphasis on austerity will not continue. For this reason, the Maastricht criteria on debt and deficit ratios is unlikely to be popular in the long term, and will see challenges from countries hoping to stimulate growth beyond its sluggish levels. Indeed, the Socialist manifesto calls for a review of European fiscal rules “to make sure that they foster sustainable growth and employment.” This is an argument echoed by the European Left and the Greens.

However, with the rise of the far-right comes increasing incoherence, and while broad co-operation from the pro-European Parties, and specifically at the European Council, may lead to the application of some coherent economic narrative, the
fractured result that is predicted for the next parliament means ensuring significant reforms implied by several groups is unlikely.

What innovative policy is happening? Is it being listened to?

The Socialists and Democrats Group established an Independent Commission on Sustainable Equality, who have produced an extensive report for a strategy on Sustainable Equality, for the next five years. The report considers income and wealth inequality specifically, within the context of a drive toward sustainability. The proposals of the report include a European enforcement agency against financial and tax crime, a Fair Wages action plan, as well as specific measures to address wealth inequality, including a European Net Wealth Tax, a Digital Tax, and a Financial Transaction Tax.

The emergence of the popularity of the Green New Deal makes its way into the European election discourse, too, with the Socialist manifesto including talk of a “green revolution” built upon a long-term investment plan. Naturally these proposals are echoed in the Green manifesto, and that of the Party of the European Left.

One key proposal which had been floated by Jeremy Corbyn in 2016, but which has since seen many proponents, particularly S&D group leader, Udo Bullman, is that of a European-wide minimum wage, set at 60 per cent of the median wage of the relevant country. Additionally, Emmanuel Macron’s open letter on European reform included a statement of the importance
of minimum wages, without specifying this rate. The creation of the European Labour Authority and the introduction of the European Pillar of Social Rights may mean that this proposal has the necessary momentum to become reality in this term of the European Parliament.

Some of the most heterodox proposals do emerge from the Party of the European Left, including democratic control of financial markets and democratic ownership of banks, as well as a financial transactions tax - capital controls. However, this is unlikely to be agreed to by other parties.

The concept of tax reform, last topical in the wake of 2008, has seen significant attention, with much attention particularly paid to the tax arrangements of large tech monopolies. This is seen in the Socialist manifesto, as in the Greens and the European Left. This is likely to see some resistance from member states such as Ireland, the Netherlands, and Luxembourg. The Socialist manifesto calls for digital profits to be taxed in the country in which they are earned, and calls for an end to a downward race with respect to corporate tax rates, specifically through a Common European approach to taxation. In the last debate between the Spitzenkandidaten, the Socialist candidate Frans Timmermans floated a minimum corporate tax rate of 18%.

The EPP manifesto talks of converting the European Stability Mechanism into a European Monetary Fund, and completing the Banking Union through a Deposit Insurance Scheme. This is echoed in the Liberal manifesto, suggesting there is potential for this to be progressed in the course of this parliament, particularly with support of the European Council.
SOCIALISTS AND SOCIAL DEMOCRATS IN EUROPE

Fionn McGorry and Serhan Wade

Where are they doing well and why?

PES member parties are currently leading governments in Portugal, Spain, Romania, Malta, Sweden, and Slovakia, and participating in government as junior coalition members in Germany, Lithuania, Slovenia, and Luxembourg. In Finland, the Social Democrats narrowly won the recent parliamentary elec-
tion and government formation talks are ongoing. Nonetheless, participation in government obscures a significant variation in electoral performance between these parties, as well as current versus historical performance. Additionally, considering what is a “good” performance varies significantly understates the role that electoral systems and political tradition have to play in voting behaviour - countries with strongly proportional systems and consensual parliamentary systems may see Social Democratic parties as significant, leading players, but without the potential for capture of a majority without coalitions. The domestic performance naturally translates to a European performance, as Labour’s own performance in the UK demonstrates.

On polling percentages seen in recent polls for the European election, Labour could well win a majority in Westminster, but seat projections are significantly lower due to the proportional (d’Hondt) electoral system used for European elections. The Spitzenkandidat system has attempted to promote a primarily European-level focus to the Parliamentary elections: nonetheless, national dynamics vary significantly, and given the frequent treatment of European elections as second-order elections, it is reasonable to presume that national considerations will play heavily in to the European elections.

The clearest examples of Social Democratic success are Portugal and Spain. The longstanding success of the Swedish Social Democrats, and the encouraging polling leads of the UK’s Labour Party are also very noteworthy, in contrast with the ongoing electoral slide of many continental comrades. In the Iberian cases, the electoral success of particular PES
member parties is likely associated with their embrace of an anti-austerity platform.

In Portugal, the Socialist government of Antonio Costa has been held up as the model for the Social Democratic Revival. Its rise to power in coalition with the Left Bloc, the Communists, and the Greens, saw Costa adopt an avowedly anti-austerity programme, alongside significant investment in industrial strategy and innovation. The success in economic revival in Portugal that has been seen under Costa’s government has seen Costa’s polling performance consolidated, and the Socialist Party is the favourite to lead the next government heading in to the legislative elections taking place later in 2019. Polling for the European elections currently suggests that the Socialists are likely to take 8 of Portugal’s 21 seats, ahead of the Social Democratic Party (confusingly, a centre-right EPP-member party) who are projected to take 6 seats.

In Spain, a similar process of coalition-building to unseat a sitting right-wing government saw the Socialist Workers’ Party’s (PSOE) Pedro Sanchez become prime minister last year. As with Portugal, he has sought to roll back austerity through efforts to address low wages (including a 22% increase in the minimum wage), youth unemployment, and further progressive measures related to gender-based violence. With his budget rejected in parliament, he won a snap election with a significant swing, and talks are ongoing to form a government to retain the premiership. The centrist Ciudadanos Party pipped the establishment right Party (the Partido Popular) in to third place, and look to consolidate this, and have ruled out coalition with Sanchez, objecting to Sanchez’ reliance on separatist parties
in his previous minority government. The rise of the far-right Vox party in opinion polling will affect the dynamics of coalition formation. Nonetheless, PSOE is polling well at around 30% in national polling, indicating support for his progressive platform, meaning arrangements with the left wing Podemos being the likeliest outcome. Nonetheless, separatism and constitutionalism are highly salient issues in Spain, and his reliance on separatist parties may prove challenging in government formation. Given the proximity of the national election to the European elections, much attention has been directed to the national poll at the expense of the European election. However, polling currently suggests that PSOE are set to take 15 of Spain’s 54 seats, ahead of the 11 projected for their nearest rival, the centre-right People’s Party.

In Romania, too, the Social Democratic Party (PSD) is set to top the poll, with polling projecting the SDP will win 9 of Romania’s 32 seats in the European Parliament, ahead of the EPP member, the National Liberal Party’s 8. However, the situation in Romania differs significantly from the other states where the Social Democrats are performing well. Even in spite of the projection of a notional victory, represents a significant decline for the Social Democrats, down 14 percentage points and 7 seats. The result would still be a significant delegation within the Socialists and Democrats group in the European Parliament, however, it is important to note that the Party of European Socialists has taken the significant measure of freezing relations with the PSD, citing concerns with respect to the rule of law in Romania. This follows the EPP’s decision to suspend Hungary’s Fidesz party for similar concerns.
In the Nordic countries, too, high public spending and high tax rates demonstrate the longevity of Social Democratic influence, even as far-right populism has risen in recent elections. With Pasokification being the greatest fear of Social Democrats across Europe, the Nordic countries seeming resilience does appear to combat this trend. Sweden’s Social Democrats stand to win 25% of the vote in May, and 6 of Sweden’s 20 seats, ahead of the Moderates 15% and 3 seats. The Social Democrats have broadly dominated Sweden’s politics for most of the last century, consolidating strong red-green alliances which have ensured their longevity.

This pre-eminence alongside consensus politicking does provide a distinct difference with the majoritarian systems of the Anglo-American political sphere. However, despite still leading government, the government does find itself in a vaguely precarious situation, insofar as it relies on the support of its traditional adversaries, the Centre Party, who have agreed to support the Social Democratic government in return for retaining several key liberal policies, after the Sweden Democrats, a far-right xenophobic party, made gains. This is a tenuous alliance and may weaken both parties in the medium-term. The Swedish Left Party stand to play a significant role in government, and are unlikely to waver in their insistence on progressive policy. In Denmark and Finland too, the Social Democrats stand to top the poll at the European Elections. In Denmark, where the Social Democrats have positioned themselves further left in many areas in recent years, they are currently predicted to win around a quarter of the vote, and 4 of Denmark’s 13 European
seats, ahead of the liberal Venstre Party’s 17.5% and 3 seats. The Social Democrats also stand to form government after Denmark’s national elections this year, which is due in June at the latest. However, a significant, concerning element of the Danish Social Democrats positioning is a nativist, anti-immigration tilt, which will likely concern sister parties across the continent.

Judging, then, particularly by the performance of the Iberian Socialist parties, and of the Social Democrats in Denmark, leaning in to the left on economics can bear fruit for centre-left parties. Additionally, while the trope of young people eventually ditching their leftist views as they age is resilient in public discourse, this is not universal, with Denmark’s youth preferring conservatives in general, even as the Social Democrats are still the single most popular party. Nonetheless, the spectre of nativism having entered the Danish Social Democrats platform is a dangerous precedent.

**The Social Democrat Impact on Parliament?**

As part of a broader decline in moderate parties in the European Parliament, the social democratic Party of European Socialists (PES) is set to lose out to forces on the extremes of the political compass. With the decline of their national members in Germany, the Netherlands and France, alongside the loss of 20 UK Labour MEPs, they are expected to drop from their current respectable vote share of 25%, to 19%. Even the modestly expected gains of their democratic socialist (GUE-NGL) and Green friends will not fully compensate; the predicted
outcome is for the left as a whole to gain a total of 35% of seats. Depending on the success of liberals and the far right, they could even potentially lose their position as the second biggest group in the parliament.

This places social democrats in a difficult position. In a time when their position in Europe and the world is being challenged, how they act now and in the aftermath of the election really matters. While the Iberian success stories of Costa and Sanchez show that success can be achieved if they are bolder, the difficulty is that the European parliament and its elections are playing a different game altogether. Voters are, for many reasons, less engaged with the kinds of legislation produced in Brussels and Strasbourg. This can be seen in the case of Portugal, which achieved a 55.8% turnout in its last legislative election but only 33.67% in the 2014 European election. Those who do vote in the European elections usually do so under pre-existing domestic lines, which can explain why the Social Democrats in Portugal are expected to win the most MEPs. For Social Democrats in countries performing less well nationally, it is likely that, whatever message they choose to give to voters, be it from PES’ manifesto directly or otherwise, they will likely not fair much better than predicted.

It is under these circumstances that cooperation beyond the traditional left-wing bloc is required, if social democrats have any ambition to make a significant impact in the next parliament. This is not new however, the parliamentary group which PES members form, called the Socialists and Democrats (S&D), have held ‘grand coalition’ arrangements with the biggest parliamentary player, the centre right EPP, for most terms of the
parliament since the Single European Act in 1987, dividing the five-year term of the presidency between them equally. What is interesting about this election however, is that as both parties are expected to lose votes, they may, for the first time, no longer hold a majority of seats between them. While this immediately appears like a bad situation for social democratic influence in parliament, there are ways they can minimise any affect this will have and perhaps even benefit themselves in the long term.

Manfred Weber, chair of the EPP group in parliament and the party’s candidate for the European Commission’s presidency, has said his party’s choice of coalition partners post-election is not ‘black and white’. They have left the door open to most possible options, with some in the group even considering widening their appeal to encourage controversial national parties, such as the Polish Law and Justice party in the ECR, or Italy’s Lega Nord in the Le Pen backed ENF, to join forces. It would be hard for PES/S&D to work with the EPP if they decide to go down this route. Indeed, in a debate between Weber and the S&D’s candidate for the commission’s presidency, Frans Timmermans, the latter criticised the EPP member parties for allowing parties like the far-right Austrian People’s Party in its ranks. The hypocrisy of the EPP calling out some extremist national parties while accepting others is not lost on S&D and this will inevitably affect the likelihood of a grand coalition forming.

More positively for social democrats however, there have been discussions about the idea of a new grand coalition of pro-EU parties including the EPP, S&D, Greens and ALDE, which could achieve a majority if the polls are correct. Although there are problems with this, the greatest of which is that the
allies that are part of the current Green/EFA parliamentary group and to some extent the Greens themselves, are fiercely independent. Their allies are sub-national parties of various political backgrounds (such as the Pirate Party) but are generally environmentally conscious, forming the ‘Free Alliance’ part of the group. If they aim to be part of the same group after the elections, it is unlikely the Free Alliance would support forming a new group with all the major parties. Choosing between close partners or the status quo, it is likely the Greens would reject joining any ‘grand coalition’ either.

Social Democrats have a difficult time ahead of them. To be successful, they must simultaneously balance the competing demands of trying to bring pro-EU forces together while standing out from them by selling their brand. With regards to the latter, the potential is there. Although voters generally follow their domestic allegiances in European elections, the kinds of major issues the EU are currently dealing with are increasingly examined by the media and as a result, the citizens. The controversy surrounding trade deals like the now axed TTIP, the action taken by the EU on tax avoidance and the strong line against tech giant monopolies surrounding unfair data usage are all examples of the union becoming more relevant to the issues European citizens care about. It is therefore becoming more possible for PES to make a strong case to voters directly during the elections and, post-election, equally possible for the S&D group (or its successor) to promote successful social democratic action in the parliament on these issues. While this will not significantly limit domestic factors influencing the European elections, it would raise the profile of social democratic politics across the continent.
This could help to shift the now widely held view that social democracy/Keynesianism is no longer the solution to people’s problems. This has the potential to reverse the trend of their low-income supporter base turning to the kinds of extremist parties that will likely make enough gains to form the third biggest parliamentary group after the election. Of course, taking ownership of any parliamentary successes on major issues will be hard, regardless of whether S&D join a grand coalition. However, if they play the post-election game right, they could be on the road to recovery from their expected fall from grace this May.
What are the parties saying about it?

Due to the lack of specific manifesto policies in the run up to the European elections, the easiest means of gauging opinions on something like public finances is to look at national elections within specific countries or, alternatively, to look at what European parties have done during their time in power. While the European elections in 2014 may have been defined more by public opinion towards public finances, their legacy is no less important this time around. This is particularly true given that many reactions within the electorate to topics such as immigration and crime have been informed by the effects of public finance policy.
The European People’s Party (EPP), the current- and forecast-largest parliamentary grouping within the European parliament was the grouping that led the budget reforms enforced by bailout packages during the Eurozone crisis. In the grouping’s 2019 manifesto, they claim that, while the financial crisis evolved in the US, it was “made worse by excessive public and private debt in many Member States, over consumption, and unethical behaviour in the financial and real estate sectors”. They have always emphasised that the European project will only succeed if Member States are able to hand over healthy public finances.

The primary focus of EPP parties in the past five years has been to balance budgets and bring down deficits within their own countries. A good example of this can be found in Austria. In a country that has usually followed a broadly Keynesian economic model in its post-war history, the governing coalition of the Österreichische Volkspartei (ÖVP) and Freiheitliche Partei Österreichs (FPÖ), who are a member of the ENF grouping, have set about trying to enforce fiscal consideration. The ÖVP has a polling lead (on 34%) ahead of the elections in May. Austria already has a Federal Medium-Term Expenditure Framework (BFRG) which prescribes budget ceilings over four year terms, similar to the Office for Budget Responsibility introduced by George Osborne in the UK in 2011.

The ÖVP and FPÖ have said that they will seek a zero-deficit budget though this will be hard due to corporation tax cuts and a potentially frostier social partnership after a government-enforced weakening of trade unions. Many other EPP parties have been running budget surpluses for the first time in either post-accession or post-crisis history such as Hrvastka
Demokratska Zajednica (HDZ) in Croatia. HDZ have a clear polling lead (on 31%) ahead of the elections. Andrej Plenkovic, the Croatian Prime Minister’s aim is “to run public finances rationally, launch a stronger investment cycle and continue implementing structural reforms”. Plenkovic has pledged to reopen discussions on pension reform the first time since 2002 and to lower the flat rate of income tax as well as VAT.

The Spitzenkandidat for the eurosceptic European and Conservative and Reformists (ECR), Jan Zahradil of the Czech Civic Democratic Party, has even gone so far as to suggest that Euro adoption should not be a prerequisite for accession to the EU, rather an opt-in for new Member States. The EPP are predicted to lose seats though will, most likely, still return as the biggest parliamentary party in 2019, paving the way for Manfred Weber to become the European Commission President.

The members of the Party of European Socialists (PES) and Socialists and Democrats (S&D) were mainly in opposition in Member States badly affected by the Eurozone crisis when bailout packages were accepted, notably in Southern European countries such as Portugal, Spain and Greece. In the S&D manifesto of 2019, there is support for the European Commission’s ‘Investment Plan for Europe’ of €300bn. However, on a macroeconomic level, in an S&D position paper, Europe 2020, it is written that “the current limitation of the budget to 1% of the EU’s GDP clearly jeopardises any capacity to reach the investment levels required to achieve the objective agreed on a political level”, an argument for what they perceive as the ‘mandatory revision of the Multiannual Financial Framework’.
The S&D also argue for accelerated investment within the Macroeconomic Imbalance Procedure (MIP) by countries with greater fiscal capacity. This is likely to prove unpopular with countries in the Hanseatic League, who already feel that there is enough of an investment imbalance within the Eurozone. They also argue for greater cohesion between the European Investment Bank (EIB), the European Fund for Strategic Investment (EFSI) and National Promotional Banks and Institutions (NPBIs) which, combined with an increased investment from the EFSI, would make new funds available with a view to investing them more strategically with cooperation from NPBIs. Lastly, it calls on the EIB to abandon “its triple-A-rating mantra” and to reinstate its commitment to Horizon 2020, the EU’s Research and Innovation Fund of €80bn.

Within countries that accepted bailouts in the wake of the Eurozone crisis, opposition to these measures has proved a successful political strategy, with the obvious examples of Spain, Portugal and Greece. After Mariano Rajoy lost a vote of no-confidence in the wake of the Gürtel corruption case, Spain’s new Prime Minister, Pedro Sánchez, has had difficulty holding his country together, due to insurgent Catalan independence movements. However, his policies regarding public finances have proved popular in recent years and have possibly contributed to the Partido Socialista Obrero Español (PSOE)’s almost 10% lead in polls over their nearest rivals. While Sánchez has accepted the budget requirements of the bailout packages, he has emphasised the need for welfare state expansion as well as easier access to investment for small businesses. PSOE has pushed for greater subsidiarity through devolution of public finances to Autonomous Community and municipal level,
perhaps aiming to placate fears over what will happen to the Spanish economy should a Catalunya-shaped hole begin to form within it. Furthermore, in the wake of nationwide corruption scandals, particularly in the lead up to the financial crisis, the devolution of public finances to a local level will help to improve transparency, particularly with Spain’s history of active participation in local government procedure.

The Partido Socialista (PS) in Portugal has been perhaps the most successful S&D member party of the years following the Eurozone crisis. Although António Costa currently runs a minority government, the PS has been polling between 35 and 40% consistently this year, with a general election to come in October this year. In the PS’s Agenda for the Decade paper, the party states that “the policy that consisted of raising taxes whilst cutting salaries, pensions, welfare and public services has roundly failed”. Under the Partido Social Democrata (PSD), Portugal’s centre-right party, public debt rose from 96% to 130%. This, argues the PS, shows that the PSD was able to devastate Portuguese public services without even improving public finances. Since 2011, the budget deficit has been brought down from 11.2% to 0.5%, the lowest it has been in Portugal’s 45-year-old democratic history.

The trend in Europe since 2014 have seen European social democrats hammered at the polls, with near-existential threats posed to parties such as Parti Socialiste in France, SPD in Germany and Matteo Renzi’s Partito Democratico in Italy. Some light relief is expected to come in countries such as Spain and Portugal, though centre-left parties find their electoral coalitions squeezed by insurgent Greens and Eurosceptic parties
strong in rural areas. Figures suggest, however, that- should the UK decide to participate in European elections- Labour could help the S&D a lot, providing around 19 extra MEPs, which would help them to close the gap on the EPP. Manfred Weber, the EPP’s Spitzenkandidat, has opposed the UK’s possible participation in European elections as his party’s fortunes would only be worsened in this instance, given that no British party has been part of the EPP since David Cameron moved the Conservative party to the ECR in 2014. Labour’s additional seats could provide the S&D alliance an opportunity of wrestling full control of the Commission presidency for the first time since Gaston Thorn’s term ended in 1985. The PES’s Spitzenkandidat is Wolfgang Timmermans.

As for the Gauche Unitaire Européenne- Nordic Green Left (GUE-NGL) grouping, the message goes a little further. During the aftermath of the financial crisis, when it was becoming increasingly clear that certain countries would accept bailout packages, they released proposals on the debt crisis which concluded with the phrase: “European peoples should not have to foot the bill for financial speculation!” They have called for an end to hedge funds, private equity and tax havens and also an end to the Stability and Growth Pact, the agreement between Member States to budget requirements to maintain stability of the Economic and Monetary Union (EMU). It might seem strange that Syriza, Greece’s current governing party and GUE’s most successful export in recent years, have also been responsible for the harshest austerity measures accepted in all of the bailout packages.
Although Alexis Tsipras’s larger problem in the upcoming European and national elections seems to be the response to his agreement with North Macedonia over naming rights, he has faced an immense amount of ridicule and unpopularity over his acceptance of bailout measures. However, the former Communist Youth member has become known as a man of compromise, sacking Yanis Varoufakis- his first finance minister- to accept bailout measures which have cost Greece about 25% of GDP.

This has obviously had crippling effects on the Greek economy though Tsipras has managed to conserve a small budget surplus of 0.8% (2017), recovering from a 2009 low of 15.1%, allowing Euclid Tsakalotos, the Greek finance minister, to obtain permission for a higher minimum wage for the first time since 2010. Syriza currently trails Nia Dimokratia (EPP) by ten points in polling ahead of the European elections in May. Most polling ahead of the May elections predicts a modest increase for GUE-NGL parties, given that consistent opposition to bailout-imposed austerity measures have proved popular and, in some cases, justified by the passage of time. Those parties likely to lead the front of GUE’s campaign include Podemos in Spain, Syriza in Greece and Die Linke in Germany.

Nigel Farage’s Europe of Freedom and Direct Democracy (EFDD), of which Italy’s Five Star Movement are also a part, recently released a policy document not-so-subtly named #FAQAusterity, a platonic call-and-response to issues regarding the Euro and Governance within the European Union. It is perhaps not surprising that they criticise the Stability and Growth Pact, given that the populist Five Star-League coalition wish to
triple the spending commitments set out to the European Commission by previous administrations. Last year, Mario Draghi, President of the European Central Bank, said that Italy would potentially need to agree to a bailout package under the European Stability Mechanism to prevent Italian bonds being dropped by investors. While polling looks good for hard-right and far-right parties, this upward trend in votes looks to be head to the Europe of Nations and Freedoms grouping, which is predicted to gain around 25 seats. However, EFDD could hugely benefit from the UK partaking in European elections this may, given that Farage would probably take his new Brexit Party into the EFDD grouping that he helped to create in 2014.

**Innovative Policy**

The current push from the European Commission is to counteract the destabilising effects of the common monetary policy and national fiscal policies. Faced with shocks to the economic system, and without access to monetary policy, the individual national governments can struggle to stabilise the issue without it spilling over into the rest of the Economic and Monetary Union. The nature of the Union as large but varied means that overall monetary policy, particularly when the interest rate is already at a record low, is an ineffective and ill-targeted tool.

The suggestion is therefore for a common fiscal tool to encourage member states to maintain public investment in downturns, rather than cutting back on investment and damaging the potential for growth. The proposed tool would take the form of €30 bn made available as subsidised loans over the
seven years of the next Multiannual Financial Framework, to be lent if a national economy met certain triggers.

The research literature over the past couple of years has been largely in agreement that the unemployment rate is the best choice for the marker of trouble, either simply how high it is or if it is also rising sharply. The Commission’s proposal is for the loans to be made available if the quarterly unemployment is over a 15 year moving average and has risen more than a percentage point.

The loans, and the interest subsidies, would be proportionate to the increase in unemployment, and would cap out at 0.34% of GDP, available with an increase in unemployment of over 2.5 percentage points in a year. That the system would be automatic, and determined by formulae, is viewed as stabilising by some, but the Economic and Budgetary committees of the Parliament worry that it will unduly weaken the powers of national governments. All members of the Eurozone and ERM, i.e. plus Denmark, would have benefited at some point since the introduction of the exchange rate mechanism in 1979 first limited their ability to use monetary policy, either in the early 1980s, early 1990s, early 2000s or after the 2008 crash. For example between 1980 and 1986 all members of the ERM except Denmark and Finland would have received some aid, and between 2002 and 2005 loans would have been made available to Germany, Austria, Portugal Greece and the Netherlands. The mechanism is not just aimed at the large financial crises like in 2008, although most of the Eurozone would have received loans during the recovery period from that, but at a broader sweep of economic shocks.
One major complaint about the EISF is that it would not go far enough, €30bn over seven years is only 3% of the small European budget, whereas the IMF’s similar proposal would take in €39bn a year, through payments of 0.35% of GDP. To give some idea of the scale, the subsidising of interest payments would, if you assume a 2% interest rate, be €600m on the entire amount of the fund, compared to €6bn in interest that Spain paid in 2011. This is a particularly small amount considering that the €30bn is intended to suffice for any members of the eurozone that need it, not just for Spain.
Support for far-right populist movements within Europe has stemmed partly from two things: the exploitation of the national and regional imagined communities and the citizens-elite gap. The notion that far-right populism does not warrant legitimate concern due to its lack of influence on implemented discourse within the European Union (Schmidt, 2018). We need to examine the perceived transnational benefits of the EU member states as an example of what the exploitation of the citizens-elite gap has potential to undermine. The national imagined community and the regional imagined community are utilised to emphasis
the citizens-elite gap by politicians in Italy’s Lega, Hungary’s Fidesz and the United Kingdom’s The Brexit Party, respectively.

Populism exists in the European Union on both sides of the political spectrum, with a defining characteristic being the an ideological representation of the masses and an opposition to the ruling class. Whilst populism by nature is focused on hegemonic inequalities and the act of demonising the establishment in question (the European Union in this context), Judes (2016) claims that the critical difference between populism as a whole and right-wing populism lies in the fact that the latter not only imagines a distinguishable distance between the establishment and everyday citizens, but is also built on the notion that the hegemonic inequalities in question are geared towards favouring objectively marginalised groups outside of ones’ own, for example migrants or the LGBTQ+ community. Populism is not limited to the far-right, and it is important to acknowledge that this is the case and that study of left-wing populism is necessary to understand the movement as a whole. However, Far-right populism support has been increasing at a faster rate than its left-wing counterpart over the last two decades (Appendix 1; Galston, 2018; Ingelhart and Norris, 2016; Döring and Manow, 2016). Henceforth, this branch of populism will be the main point of focus for this work.

Anderson uses ‘the imagined community’ to illustrate the fact that, whilst members of a nation will never make direct contact with most of their fellow-members, an ‘image of their communion’ is shared by all (Anderson, 1983: 49). Alongside the imagining of these communities comes the act of defining
the boundaries of said community by identifying the in-groups and out-groups (Risse, 2010: 53). In other words, with the existence of an imagined community inevitably exists that which is alienated and deemed ‘Other’ as a result, whether intended or not. Throughout this essay, it will be demonstrated how the establishment has been deemed as the Other, often in extreme circumstances, by far-right populism and how this has attributed to the citizens-elite gap which has been exploited by far-right populist agendas to amass support in the United Kingdom, Italy and Hungary.

Firstly, it is useful examine how the notion of imagined community is used to reflect the benefits of EU membership, focusing the concept of transnationalism. In doing so, this work demonstrates the fact that there are multiple co-existing and competing forms of imagined communities at play in the EU. Furthermore, it will provides examples of supra-national aspects of EU membership which far-right populist rhetoric is attempting to undermine. Transnationalism emerges within and makes use of the EU ‘economic and political space’ (Rogers, 2016: 10). EU policy and programme documentation actively uses the term. For example, Rogers (2016) uses the example of Culture 2000 (European Union IP/99/768), in which transnational is used to refer to activities within EU space as “a whole, beyond the national scale but more across or between nations than standing above them” (ibid: 11).

The strong transnationalist values of the EU can be seen in it’s transnational cooperation policy (otherwise known as Interreg B), was funded by the Regional Development Fund with intent to “promote better cooperation and regional develop-
ment within the Union by a joint approach to tackle common issues” (European Union/Interreg V B 2014-2020). There are 318 programmes that exist as part of Interreg B, which runs from 2014-2020. With each programme addressing aspects of innovation, security, low-carbon strategies, natural and cultural resources and transport specific to a particular transnational region (ibid). Hungary, the United Kingdom and Italy collectively partake in at least 35 of these programmes, over 10% of the Interreg B initiative. This includes The European Observation Network for Territorial Development and Cohesion, URBACT and INTERACT, of which all all three are participants in. All three countries also partake in territory-specific programmes, the majority of which focus on border-relations (for example the United Kingdom and Northern Ireland). There are also programmes which focus more attentively on regions within countries. This is especially true with regard to Italy, for example the Adriatic and Ionian Seas programme, which operates specifically in fifteen of the nation’s twenty regions, covering the Eastern and Southern coast.

Furthermore, the transnationalism offered by EU membership has previously served as incentive for potential members which have been defined by nationalism and militarism. Risse (2010) states that there exists a particular narrative amongst European politics that “portrays European integration as a modernisation project” which frames EU nation-states’ own problematic pasts as the Other in the current European political climate (Risse, 2010: 53). Risse explains how “elite discourses” have used this narrative as a way to formulate anti-fascist arguments. Perhaps
the most historically notable example of this can be found in contemporary German politics. In November 2018, whilst defending the 2019-2020 federal budget, German chancellor Angela Merkel states that the lesson of World War II was to “create a multilateral framework” through bodies such as the European Union and the United Nations. For Germany, the EU offered a key to its rehabilitation and redemption from its fascist past (Karnitschnig, 2018). So much so, that the Germany’s reaction to the modern refugee crisis contrasts starkly with the fascist ideology of the Nazi party. One could argue that this mutually beneficial transnationalism is an aspect of the EU that needs to be further encouraged and preserved. In turn, a strong case for the necessity of a close examination of the populist exploitation of the national imagined community in order to undermine the transnationalism of the EU is made.

The exploitation of the national imagined community by far-right populist parties has potential to undermine the faith in the transnational imaged community in the EU and its ability to benefit member states equally. The national imagined community comes into play in contemporary European politics predominantly in the form of rhetoric surrounding security and immigration. The root of the concept of the imagined community, nationalism is approached by Anderson as something unrelated to racism but rather as something linked purely to class (Anderson, 1983: 149). This view, however, has been criticised by Wollman and Spencer (2007:15), who argue that nation-states’ criticism and Othering of immigrants almost always happens on a racialised basis.
Perhaps one of the most notable far-right populist campaigns surrounding immigration and racialised rhetoric belongs to Hungary’s Fidesz Party. The right wing populist party, championed by Viktor Orban, dominates Hungary with parliamentary supermajority, which it has retained since 2010. Migration has proven to be a dominant issue in the EU election for Fidesz. Deeming migrants as the Other, at the boundary of his national imagined community, Orban has repeatedly bashed pro-migration stances with xenophobic rhetoric and claims that if immigration continues, “autochthonous Europeans” will become a minority and “terror will become part of life in large cities” (Barry, 2019).

In the same speech during commemorations of a short-lived 1956 anti-Soviet revolution, Orban called on voters to reject globalism and support “the culture of patriotism” in the upcoming elections. Orban unleashed a campaign of billboards throughout Hungary which criticised the EU and more specifically Brussels. The billboards read: “You also have the right to know what Brussels is up to”, with the accusatory and conspiracy-like tone claiming European Commission President Jean-Claude Juncker had been secretly pushing migration plans encouraged by U.S.-Hungarian businessman George Soros, who funds civil society groups that help migrants or defend human rights.

Following Orban’s staunch anti-Brussels rhetoric, thirteen members of the European People’s Party (EPP, the European parliament group of with Fidesz is a member) unanimously voted to suspend Fidesz’s voting rights, therefore drastically diminishing the party’s parliamentary influence. Whilst Orban’s
parliamentary success at home has not been mirrored in his approach to the European Parliament elections, it still reigns true that success for far-right populist movements is branching through Europe (Appendix 1; Galston, 2018; Ingelhart and Norris, 2016) and it is only a matter of time before European Parliamentary discourse feels this affect. Fidesz’s suspension marks an interesting and notable point in its history. It offers a complex and nuanced approach to criticisms of the transnationalism of EU membership, but also reiterates the extremity of populism’s exploitation of the national imagined community, particularly in regards to anti-migration rhetoric. Orban is keen to frame the decision to suspend Fidesz as one jointly made by both the party and the EPP. Whilst simultaneously claiming the suspension to be a joint decision and passionately claiming that “[Hungary] cannot be excluded” (Barry 2019), Orban desperately clings to a form of national autonomy. all the while proving wary of losing his place in the powerful body of the EPP. It is here that we see the strength of the ability to utilise the national imagined community in order to emphasise and widen the citizens-elite gap. Furthermore, we see how this can have arguably severe consequences when this exploitation approaches dangerous and slanderous narrative against the EU.

Regional imagined communities emerge as a reoccurring aspect of populist discourse and academic writing on the matter. There exists the view that regional decline and economic disparity feeds ‘cultural resentment’ that leads to support for far-right populism (Gidron and Hall, 2017; Cramer 2016; Gest 2016; Hochschild 2016). Gidron and Hall (2017), for example, observe how cultural and economic developments interact to generate support for populism. Their analysis of regional and
urban workforces concludes that the geographical distribution of the knowledge economy has resulted in high-wage workforces being concentrated in cities and areas of greater economic prosperity. They argue that in turn, residents of regions with low economic prosperity are left with “a sense that their economic prospects and corresponding social status have been diminished” (Gidron and Hall, 2017: 64).

The recent formation of The Brexit party, as championed by former UK Independence Party (UKIP) leader Nigel Farage, offers an interesting example for the exploitation of the regional imagined community. Formed on 20th January 2019, the party is intent on gaining seats in parliament in addition to the seven MEPs who have defected (primarily from UKIP) to join the party. According to recent polling, The Brexit Party has surpassed the Conservatives and Labour in voting intentions (YouGov, April 2018). In an article for the Express publication, Farage attempts to encourage votes for The Brexit Party in the 2019 European elections. The article is rife with masses-elite gap rhetoric, with claims that the “arrogant elite have stuck two fingers up at their own manifestos, lied to the electorate, and done everything possible to thwart the result [of Brexit]” (Farage, 2019). Furthermore, he refers to the Deputy Leader of the Labour Party, Tom Watson, as spending too much time “[in] Islington with the north London champagne set” whilst criticising calls for a second referendum on the UK’s membership of the EU.

This tactic of Othering areas of relative economic prosperity and playing on the isolation felt by areas of lower economic prosperity is by no means a recent phenomenon in British far-
right populism; it was also rife in Farage’s campaign to leave the European Union.

One regional example in particular can be used to demonstrate the success that far-right populist exploitation of the regional imagined community can have on influencing political discourse of the masses and thus election results. In the small market town of Boston, immigration spiked 460% after eight additional countries joined the EU in 2004, largely due to its successful agricultural industry and demand for agricultural workers (Pickard, 2017). The area has fallen victim to exploitation of the regional imagined community for several years, a big turning point being Farage and UKIP’s targeting of the area during the 2015 General Election campaign. In a visit to the former UKIP target constituency, Farage highlights the degree to which Boston has been affected by migration; he has a strong history of framing migration as the primary cause for the region’s economic and thus social difficulties (Harris et al, 2015; British Broadcasting Channel, 2013). This, alongside his intentions to sway Labour heartlands, demonstrates Farage’s exploitation of the regional imagined community.

It is crucial to recognise that this exploitation did in fact have positive gains for UKIP, and by extension the leave campaign. In the 2015 General Election, UKIP amassed more votes than the Labour Party in the constituency of Boston and Skegness with UKIP gaining 33.8%, coming second behind the Conservative Party who gained 43.8%. Labour gained 16.5% of the vote (UK Parliament, 2017). One year later, Boston and Skegness emerged to be the largest Leave-voting constituency in the whole of the UK, with 76% of voters opting to leave the
EU (Pickard, 2017). The statistics are indicative of a region that is economically, socially and politically isolated, and as a result of this deprivation has been left vulnerable to exploitation by right-wing populists. The opportunity to play on the notion of a regional imagined community presents itself all too well. This reinforces the argument that the growth in support of right-wing populist rhetoric is not to be laughed at - the resurgence of Farage’s leadership and the beginnings of The Brexit Party illustrate this and thus should be treated as a call to action for centre and left-wing parties to attempt to bridge, rather than emphasise, the citizens-elite gap.

This work will also demonstrate how populist parties can exploit more than one notion of imagined communities. In the case of Italy’s Lega, it will examine how the party has moved from exploiting regional to national imagined communities. In doing so, the role of the ‘Other’ has been shifted from the national establishment to the EU, enabling the amassing of support amongst the populist gain of Italy’s European neighbours. Lega is the main political force in the far-right alliance of the current Italian coalition government, together with fellow populist party, the 5-Star-Movement. Lega is the populist party with the largest prediction for MEP gains in the 2019 election (Tartar and Warren, 2019; Politico, 2019). Birthed from regionalist ideologies, Lega has undergone an immense ideological transformation under Salvini’s leadership (Albertazzi, Giovannini & Seddone, 2018; 645). Following Salvini’s maiden speech under his new role as leader of Lega, he argued that a ‘totalitarian’ EU and its regulations would be the downfall of Italy even despite regional success (ibid:649). In 2018, Lega strengthened its voter base in the General Election by forming alliances with regional
representatives across Italy. It gained support further through the North of the country, as well as in democratic heartlands north of Rome. This increase resulted in the party earning 17.4% of the General Election vote (The Guardian, 2018). Under Lega’s new direction and national mission, the European Union has replaced Rome as the “the enemy” (Albertazzi, Giovannini & Seddone: 657). Henceforth, whilst still embracing regional representatives and regional issues, Lega’s political battle has warped (temporarily or not) into a debate framed around “the people” (Italy and its regions as one) verses “the establishment” (the EU). As the populist party with the largest predicted MEP gains in 2019, Lega should remain under close inspection by politicians, academics and citizens alike.

In conclusion, this work has demonstrated how the exploitation of the national and regional imagined communities, as well as the citizens-elite gap, has contributed to the growth in support for far-right populist parties in the European Union. This essay offers a critique of the idea that far-right populism does not warrant legitimate concern due to its lack of influence on implemented discourse within the European Union (Schmidt, 2018). The strong transnationalist notion of the EU offer a substantial challenge for far-right populism to undermine. However, as demonstrated by the success of Hungary’s Fidesz party and the United Kingdom’s The Brexit Party respectively, support in growth for far-right populism is not a political myth. Whilst the MEP gains for the parties await to be seen, it is clear that when national and regional imagined communities and the citizens-elite gap are used in far-right populist rhetoric, support for the parties increase. Therefore, this exploitation of these imagined communities is something that needs to be closely watched and
examined by politicians, academics and citizens alike. More importantly, the citizens-elite gap need not be emphasised, nor denied, but rather bridged if the EU is to reduce the incoming threat of right-wing populism.
In January this year, Austrian Social Democrat, Josef Wiedenholzer, organised a plea to the British nation to reconsider Brexit. Although signatories included MEPs from four different political groups, it is noticeable how many of Labour’s European socialist and social democratic counterparts put their name to this letter, including the S&D’s President, Udo Bullmann. In light of the MEPs warning that ‘Brexit will weaken all of us’, it is important to consider a number of things: the impact of the UK participating in the European election despite intending to leave in October, and both the positive and negative effect Brexit will have on social democrats in Europe, if it does take place.
As with anything surrounding Brexit the late participation of the UK in the European elections has presented a roller-coaster of chaos that looks to upend British political life. When this project began, we were under the assumption that the UK would not be participating in the elections, but how things have changed. We now are days away from an election that both Labour and the Conservatives were not prepared to participate in, whom both trail Nigel Farage’s latest vanity project, the Brexit party. This party now dominates the polls with neither a manifesto or defined ideology other than demanding a No Deal Brexit coupled with populist and nativist rhetoric. With this said we will attempt to predict the future with as little hubris as possible, but in these trying times a few days can upend the world.

The European Elections

When discussing the European elections, we must tackle the immediate issue of whether it is right that the UK is participating at all. This question hangs over both the Brexiteer Left and Right, and was even remarked upon in the European Parliament.

Unfortunately, this issue appears to be moving voters towards voting for the Brexit party or to not participating at all. Yet even though much Brexiteer rhetoric revolves around the issues of EU democracy the UK is treaty-bound to have representation in the European Parliament as long as it is a member of the European Union.
The UK will have to be a fully participating member until Brexit occurs, as well. The EU does not have a two-tier membership: you are either in or out. With Theresa May’s government unable to pass their withdrawal agreements and the Parliament unable to make a decision other than voting no on no deal, we continue to remain a full member state of the European Union with all our rights, privileges and responsibilities. This includes the requirement to hold elections for our Members of the European Parliament, to nominate a European Commissioner and a say in who becomes the next president of the European Commission. If the UK wishes to no longer have European Parliament elections, then it would need to leave immediately. Yet as the negotiations between Labour and the Conservatives has not yielded anything in the run up to the election since May requested the Article 50 extension, the elections are now inevitable.

However, even though our participation solves one potential constitutional crisis for the EU, it also opens up another equally frustrating situation: the UK’s seat allocation and/or reallocation.

In preparing for the UK’s departure from the European Union, the EU determined how the UK’s seats would be reallocated to the remaining EU-27. With 73 of the 751 seats in the European Parliament, the UK has the third largest representation in the European Parliament, behind just Germany, which has 96 seats, and France, which has 74.

Upon the departure of the UK, the plan is to reallocate 27 of the UK’s seats to the other member states and to retain the remaining 46 seats for future enlargement of the European Union. This would overall reduce the number of MEPs to 705.
Other EU countries and political parties had prepared their lists with this reallocation in mind; Ireland even changed its constituencies. If the UK leaves mid-mandate, some Irish voters could potentially find themselves in a new constituency, having voted in their old one. But this isn’t the only problem seat uncertainty will create.

One of the most important questions is what happens to the UK’s seats if it leaves in the middle of the parliamentary term? Do they remain empty? Is it democratic to fill them based on the 2019 election results a year or more later?

As it stands now, if a MEP resigns that position is filled based on that specific member state’s election laws. But, this is a unique situation. Member states will find themselves not only having to fill 27 seats simultaneously, but also figure out what their election law says about filling seats that haven’t become vacant by resignation.

Besides these issues there is a very real problem with the legitimacy of a European Commission that is confirmed by a parliament with a different composition than the one that would exist post-Brexit. Considering Eurosceptic and Europhobic populists love to lambast EU democracy already this would be handing those forces years’ worth of ammunition on a plate.

Looking to our socialist family, the problems become even more stark. Currently the S&D Group is the second biggest force in the Parliament, boasting 187 MEPs. In trend with many Western countries at the moment, polls are predicting both
the centre-left and the centre-right to cede seats to the more extreme parties.

The S&D is expected to win between only 132 and 142 seats in May. And, unlike the current biggest political group, the EPP, who saw its departure of UK MEPs in 2009, the S&D will certainly have its numbers reduced if the UK leaves. This is concerning as Brexit would then automatically give an electoral advantage to the centre-right EPP, which is one of the only political groups without UK MEPs. Although in the last mandate, Labour’s 20 MEPs only represented roughly 10% of S&D MEPs, their contribution to the political group is far from insignificant. Claude Moraes and Linda McAvan both chaired parliamentary committees, and other Labour MEPs filled positions of vice-chairs of committees and delegations.

If the current projections hold, these elections will raise the overall percentage of Labour’s share of S&D’s seats to 12.5%. With the UK leaving this would further compound their election losses to the rising far-right and eurosceptic parties across the continent. Even with the UK’s seats reallocated, this would only result in non-Socialist and/or Eurosceptic parties gaining additional seats. For those wishing for a Social Europe this is a shot through the heart.

The problems don’t end here, either. The makeup of European Parliament committees is dependent upon the proportion of seats each group receives, as is the allocation of the chairs of those committees. What is the European Parliament to do when 10% of the MEPs are due to depart on an unpredictable date to maintain some semblance of democratic legitimacy?
These questions are as of now unanswerable as the situation continues to remain in flux.

We can look to the European Parliament’s rules of procedure (revised by Labour’s Richard Corbett during this mandate), for some potential guidance. Rule 199 states:

“...if a Member’s change of political group has the effect of disturbing the fair representation of political views in a committee, new proposals for the composition of that committee are made by the Conference of Presidents in accordance with the procedure laid down in paragraph 1, second sentence, so that the individual rights of the Member concerned are guaranteed...”

Of course, this situation demands that we consider not just the change of affiliation but the departure of a total of 73 MEPs, something that was likely not considered when writing this rule. This will no doubt cause huge pushback from those parties who will lose out in this scenario further fuelling chaos and division in the legislative body.

The rise of the Brexit Party throws an additional spanner into the machinery.

Before the UK confirmed its participation in the European elections, the Eurosceptic group Europe of Freedom and Direct Democracy (EFDD), which Farage is the chair, was predicted to collapse.

Current rules state that political groups in the European Parliament need to amass at least 25 MEPs from 7 different member states in order to be recognised, and without the UK, it was unclear if parties in EFDD would win enough seats in
enough countries to form a political group, especially as Italy’s 5-Star Movement had signalled it could go elsewhere or form another group. However, with the Brexit Party and 5-Star expected to win 40 seats between them, we could instead be seeing the group’s comeback.

Of course, there is also the Salvini and Orban factor to consider. Both these leaders are Eurosceptics, who have expressed a desire to form an anti-immigration alliance. They know that they won’t win a majority, but they want to form a blocking minority.

The only saving grace here could be the differences that exist on the right. As we saw in the last mandate, Farage will not join with far-right parties; it was only when Gerard Batten became leader that UKIP jumped from the EFDD to the Europe of Nations and Freedom, where the likes of Marine Le Pen’s Rassemblement National sit.

Still, whether they sit together or not, the Eurosceptic right will wield a significant amount of power in the next European Parliament, power that will only be strengthened with the UK remaining in the EU.

While Brexit is unlikely to affect the elections in other countries, the results in other countries could affect Brexit, since the EP needs to sign off any proposed deal and the future relationship. So far, MEPs have supported the progress made in each phase of negotiations, but this could change if there is significant number of populist, Eurosceptic MEPs.

As well as generally risking approval, demands could change on the EU side given what the new EP majority is willing to al-
low. Additionally, member states, some of which are governed by Eurosceptics, will propose commissioners for the Parliament to approve, albeit as an entire college, rather than voting on each appointment individually. These are the people who will be negotiating the future relationship if we make it that far.

Intuitively, it would seem that having UK MEPs boost S&D’s numbers would give it more of a say in choosing the next European Commission President. However, in 2014, Labour MEPs were at odds with the rest of the S&D over the choice of Jean-Claude Juncker, thus putting into question how influential the newly elected Labour MEPs could be in voting in the next Commission President.

It is worth noting that the S&D supported Juncker because it fit within the Common Candidate process, as he was the chosen candidate of the most popular party and they wanted him to agree to a reform programme. The most important thing for those of us who want a more democratic EU is that someone running to be Commission President reflects what citizens want.

We believe that UK Labour would make a difference in this case since it would bolster overall S&D support. Therefore, the S&D candidate Frans Timmermans would have a greater chance at becoming Commission President. But, at the same time, if Labour’s success plays a significant role in who the next Commission president is, it is likely that Manfred Weber, candidate of the EPP, will raise questions. This is why some members are pushing for UK to leave before Commission President is chosen, and before commissioners are appointed (and this is before even tackling the question on whether the UK receives a commissioner.)
All of this makes clear why so many people like Guy Verhofstadt and French President Emmanuel Macron were so against the Brexit extension. It creates a cascade of issues for the European Parliament and emboldens the anti-EU narrative of the populists. Even with the UK participating it is unclear how much influence its MEPs would have in the new Parliament, with both Guy Verhofstadt and Manfred Weber oppose giving the UK an influence in the EU’s future. However, as stated earlier there is no two-tier membership so it is inevitable that there will be a major clash over these divisions.

If we try to figure out who are the winners and losers from this, we can confidently say that it is the pro-European forces and the S&D who lose, and the Eurosceptics and populists who benefit. Even though we will outline that support for the EU has increased across the EU since Brexit, that does not translate into EP election turnout or an increase in the S&D vote share.

The Positives for Social Democrats in Europe.

Each of us writing this would love to paint a rosy picture of how Brexit has led to a revival of social democracy across Europe and a boost in support for the creation of a Social Europe for all, but then we would be painting a fantasy that isn’t yet reflected in reality.

While it is hard medicine to swallow, we value honesty in the Fabian Society so we will tell it to you straight; Brexit is as
much a self-inflicted wound for Social Democrats in Europe as it is for the UK itself. Last year at JUSOS’s Europa Congress in Frankfurt S&D President Udo Bullmann put it simply: “the best times in Europe for Social Democracy was when the SPD and Labour were strong and worked together, the worst times were when they were not.” With the collapse of the SPD in Germany, Labour’s own issues, and the implosion of Italy’s Democratic Party, the three largest S&D parties find themselves either out of government or in coalition as a minority partner, and haemorrhaging membership and voters to other parties.

This is particularly sad not just because socialists and social democrats will lose seats and influence at European level, but because we had just begun to cooperate much more closely on the European elections. This coordination is clear to see in continental campaigning as PES election messaging and advertising is duplicated and thusly amplified across member states. It shows a united Social Democratic front not just for reforming the EU, but also in combatting the rise of the far-right, racism, the climate crisis, immigration, and more.

It is clear that Labour, working with its sister parties in the Party of European Socialists, would be able to bring about the reform that is needed in Europe. The PES manifesto calls for an EU-wide minimum wage. It promises to tackle tax evasion and avoidance, an issue that concerns us in Labour and that can only be seriously dealt with at EU level. It calls for a Sustainable Development Pact with social and ecological targets to ensure that economic interests do not trump the environment and a Just Transition Fund will help to implement the UN’s
Sustainable Development Agenda and Goals by 2030 in a socially fair way.

One thing that is not objectively bad, thus we will call it a positive, is that our sister parties are not expecting great victories in any case. This means that unlike the crushing sense of defeat that comes when you expect to win big, there will unlikely be a major push to dramatically shake things up in the short term beyond negotiations in the European Parliament and for the role of Commission president.

This presents an opportunity in the intervening years for activists, stakeholders and the PES leadership to seriously reflect and think how to regain support across the continent. Five years is a very long time, and much could change, both on an international and on the domestic level. Likewise, it seems like the bleeding of S&D support has levelled off in the last few months, so we might be finally reaching the theoretical floor for our group’s support. While not the best news it allows us to take an honest appreciation for the current appetite of our messaging on the continental as well as in member states.

Negatives for social democrats in Europe

Given the globalised nature of the EU and the wider world, it would be naive to believe that Brexit wouldn’t have far-reaching consequences in the rest of Europe.

Spain, for example, has at least 300,000 Britons officially resident there, which is double that of Spaniards in the UK. A
no deal Brexit in March could have been a disaster for the governing Spanish Socialist Workers’ Party (PSOE) which has felt compelled to call a snap election following the parliamentary defeat of its budget proposals. The last thing PSOE would have needed going into the elections was to be blamed for grounded flights and rotting vegetables destined for British supermarkets. One Spanish newspaper has even suggested that a no deal Brexit could have emboldened far-right party Vox to resort to complaining about the impact of British pensioners on Spain’s welfare state, or the centre-right PP to raise the question of the future of Gibraltar.

Moreover, it could be argued that even if the decision to leave the EU is reversed, Brexit has already highlighted divisions between the different delegations within the S&D.

This most recently came to light over a widely publicised disagreement over whether to describe Gibraltar as a British colony in a Committee on Civil Liberties, Justice and Home Affairs (LIBE) report on post-Brexit visas. Although Labour’s Claude Moraes is a prominent member of the S&D Group, his Spanish socialist counterparts joined forces with the EPP and ALDE to successfully demand that Moraes be pushed out of his role as rapporteur of this file, following Spanish attempts to block the file at Council level.

The PSOE MEPs may have been more hawkish on this issue due to the imminent general elections in Spain at the time, but Brexit has arguably highlighted that, even within the socialist and democratic family, domestic issues can still take precedence over solidarity within the political group.
It also cannot be stressed hard enough that the possibility of a No Deal Brexit still exists as a timebomb that has not been defused, but instead moved to October. If the EU chooses to not allow another extension or the UK parliament refuses to allow another request then we are right back into No Deal territory. This No Deal timebomb has to potential to throw multiple nations into economic upheaval which will no doubt be capitalized on by the far-right and populist parties across the continent.

**Where do the next leaders stand?**

It is important to understand what the two lead candidates for the next European Commission President think about Brexit, for while Manfred Weber and Frans Timmermans differ on many things they are strikingly united when it comes to Brexit.

From an interview with Der Standard:

STANDARD: So far, you’ve been forgiven for Brexit as a problem. How and when should this be solved?

Weber: Brexit is a tragedy. We would all like to see Britain stay with the EU. What really moves me is that I cannot explain to any citizen why a country that wants to leave the EU should now take part in the election and participate in shaping the future of the Union. The legal situation is clear, the British must participate in the election. But it is not good. What next? That’s
difficult, no one can tell today how long it takes for Britain to find a solution. Therefore, in the interests of all Europeans, it must be ensured that the new Commission creates the start, the start-up.

STANDARD: What does the EU’s exit from the EU mean for the EU in the overall architecture, how will it change?

Weber: If Great Britain is no longer part of it, that of course means a weakening of European weight internationally. That’s why cohesion is even more important. But that also releases forces. Britain has blocked certain processes for years, such as in foreign and security policy. Therefore, we can now prove all the more that we tackle something new ambitiously, appear stronger and more confident in the world. We also have a lot to give.

From an interview with RP online:

Timmermans: I absolutely hope that the UK would stay in the European Union, I think that would be good for the UK and that would be good for the European Union. I think what we saw was the highly irresponsible behavior of one political party.

RP ONLINE: Will the extension of the deadline until 31 October mean that the British will stay in the EU after all?

Timmermans: I think nothing’s unlikely. I still hope that there will be a second referendum in the UK. It’s a human right that you can change your mind once again. Especially when false facts were presented.

It is clear to see that on the centre-left and centre-right there is a unified understanding that Brexit represents a tragedy and would rather the UK remain. Both Timmermans and Weber
advocate for a second referendum stating that they believe only the British people can solve Brexit.

Another voice though that is vastly important for us as socialists are the thoughts of Udo Bullmann:

“Brexit was supposed to be about taking back control. Instead, we are witnessing a UK Prime Minister openly incapable of taking decisions back in the UK, trying to blame others for the conservatives’ disastrous strategy. May has failed to engage in dialogue with the opposition and find broad support for a softer Brexit. She has always put Tories’ interest ahead of her country’s and citizens’ one.

This is causing today’s disaster. Brexit is a tragic mistake. Labour should keep on showing responsibility and working in a constructive way to ensure citizens are protected and the peace process in Northern Ireland is maintained. May must not waste any more time, instead she should work with Labour for a closer EU-UK relationship, or put the question back to the British people.”

Each of these figures clearly understands the roots of Brexit and the failures of its implementation domestically for the UK. In contrast to the domestic UK mantra of the European Union not understanding why people voted for Brexit, it is clear to see from these interviews that EU leaders recognize the imperfections of the system as it is, but likewise are clear-eyed about how parties in the UK have consistently used the EU to deflect from their own failures.

In his statement, Weber raises an important point in how the UK is perceived within the Parliament itself. He highlights how
the UK has more often than not halted or slowed the much-needed changes and reform within the EU. For this reason, it has been argued that the exclusion of UK MEPs could lead to a more stable and mainstream European Parliament.

Andrew Duff, President of the federalist Spinelli Group, recently pointed out in Politico that 45 of the UK’s 73 elected MEP sat in political groups to the right of the EPP, which could mean that right-wing groups would need to work harder to boost their numbers following Brexit, though, as mentioned previously, with the anticipated success of Salvini and his ilk, this might not be needed.

In terms of the social democrats, while the S&D’s size could shrink, Duff argues that Labour MEPs are less progressive on some social and economic issues than their European counterparts.

Even Labour as it is today within the continental context is still seen as conservative on many issues such as immigration and a common refugee policy. Duff goes as far as to argue that without Labour MEPs, the S&D Group will not only become more left-wing, but also more federalist.

Such views are echoed by Angelos Chryssogelos of the LSE, who suggests that without UK MEPs, the southern socialist parties could dominate in the S&D Group over the northern social-democratic parties, thus making a coalition with the ‘austerity-committed EPP’ more difficult in the short-term, but potentially causing a longer term continental realignment if the PES common manifesto continues in the next election cycle.

This theory seems to have credence as we have not seen any rebounding from either the SPD, PD, PS, or the SPÖ. Which
worries their establishment but is a boost to the left-wing factions within each of these parties.

As much as there is a trend in member states away from the neoliberal politics of the 90s and early 00s, there is a slow-moving trend within the centre-left parties themselves towards a more left-wing social and economic policy.

In Spain with the rise of Pedro Sanchez this is clear to see, and as the generational shift slowly continues and the left-wing youth leaders assume more and more important rolls within their respective parties, this will only accelerate. The real question is can these parties survive long enough and with enough resources intact to stay competitive until it does?

Equally as important is will a left-wing shift mean they can start winning again? Many on the left of these parties believe it will, but only time will tell if this will benefit them in their next round of national and local elections, and further off the next EP elections in 2024.

**In Conclusion: Where do we go from here?**

We would like to be honest about our assumptions with you; if you are reading this and support Brexit, I think the take away is that Europe has heard you loud and clear. There is consensus among the current three largest groups (ALDE, S&D, and the EPP) to reform and democratise Europe. Perhaps not in the way that you may want, but in a way that will result in people being able to choose the reform they want in the future. It will be a
European Union that is much more reflective of Europe as a whole instead of one that is mostly a mirror of the governments of the member-states.

If you are a Remainer or even a Euro-Federalist then I believe you also have something to celebrate. While many are frustrated with Brexit within the EU and the European Parliament, they do not hold the British people in contempt, rather they believe deeply that it is only the British people who can chart their own destiny and solve this issue.

The only ire that exists, exists for Theresa May, and those opportunists like Farage who seek chaos at the expense of peace and prosperity for all. If the UK decides to re-join, there is no doubt that it would be welcomed back, perhaps not with all its special benefits, but nevertheless as an equal and partner in the great democratic project that is the EU.

While the far-right and the populists continue to gain in many nations, in others they’ve reached their peak and the reality of governing has hit them with all the force that hubris has to offer. Populism by its very nature is a sort of politics that has a short shelf life, and while in the short-term it can create the potential for the implementation of shock doctrine politics, in a prolonged fight they can never truly delivery on the unicorns they’ve sold their followers.

The next five years will truly be a struggle over the heart and soul not just of the UK, but of the EU and Social Democracy across Europe.
For Labour this means finally coming to grips with where it stands on Europe, migration, and internationalism more broadly. For the UK’s politics as a whole it means that whomever is governing must finally take responsibility for the historic failure to tackle a multitude of issues from inequality to human rights.

While our sister parties will face a similar struggle in finding their way out the wilderness, the cushion that the EU provides allows them some solace. Meanwhile we will face decades of trade deals with great powers like India, the US, and China; not to forget the ongoing negotiations of the relationship with the EU. It will be the first time in a long time that the UK will face what it is like to be a nation alone in the land of giants whom, barring the EU, are all fuelled by authoritarian leaders.

We face a trying time for socialists, but it also presents infinite opportunities to reinvent our own way of thinking, and our own understanding of the world. We cannot dwell forever in this post-truth miasma, we cannot survive on a diet of utopianism alone, and our people cannot be asked to pay the price for it any longer. We must relearn to walk arm in arm with one another across both factions and borders. To live in solidarity not just as a slogan, but as defining value that penetrates every aspect of our being.

Every election everywhere matters, every struggle is global, and our future depends on it. So don’t sulk, don’t worry, but instead act for it is only when we move forward against the tide that we can chart a new course to a better tomorrow for all.
Predicting European elections is a complicated issue, being as it is effectively 28 separate elections, run on their own national lines. These interact in weird ways with the European system, with the European People’s Party, the largest group, predicted by Politico to gain around 180 seats, having no member party in the UK for example. The gap between the EPP and the second largest grouping, the Party of European Socialists, narrowed significantly on the 11th of April, when the Brexit extension was announced, simply because with no
UK party a member of the EPP and Labour in PES, those extra seats went only to them.

Eurosceptics as a category are expected to garner somewhere around 250 seats, compared to around 470 for pro-European parties and a further 30 or so seats that are unclear. This is exacerbated by the low turnout in European elections, with only four countries, Denmark, Sweden, Belgium & the Netherlands, reporting over 50% intent to vote in a recent Eurobarometer poll. Only 5% of respondents in that same poll knew the date of the elections, 23-26 May in a recent poll, 23rd in the UK, and only a third could even pin them down to May. Turnout has dropped in every election since the first in 1979, to only 42.5% in 2014, a trend likely to continue, contributing to the relatively high proportion of eurosceptic MEPs relative to the general public’s opinion of Europe, as most people just don’t vote, while those that really hate Europe do.

A relatively new and contentious part of the European elections, only being contested for the second time, is the Spitzenkandidat system for the European Commission, a relatively soft and vague effort to democratise the European Commission. The Spitzenkandidat, or lead candidate, is the nominee of each European party grouping for the role of President of the Commission, a role which, while ratified by the Parliament, is appointed by the European Council. This constitutional arrangement, being new, is still contested, particularly by the heads of government that make up the European Council, many of whom are uncomfortable with simply handing over the power to appoint the President of the Commission to the largest party in the Parliament. Euroscepticism is also part of
the contention, as even while it is an effort to democratise the European system, to defend against a common attack by Eurosceptics, if they were to unite as a single grouping they would be the largest grouping, even as an extremist minority. The simple and plurality based nature of the system, giving a powerful remit to a mere plurality that may not be representative of the parliament or the electorate is part of the reason for it not being a fixed legal mechanism and remaining an agreed guideline, and is a significant part of the arguments against it, having lost support since 2014.

Manfred Weber, the EPP’s Spitzenkandidat, is likely under the system to be the next President Commission, but this is not considered in any way a done deal, in part because the handshake nature of the system, and only one term of precedent, leaves it liable to being pushed back against, not least by Emmanuel Macron and the Alliance of Liberals and Democrats for Europe, who have nominated a slate of seven candidates rather than just one. Even the EPP is not necessarily bound to Weber, with rumours dogging him that Michel Barnier will be nominated instead by the EPP Councillors, and Barnier has been making speeches and statements about the future of Europe beyond his Brexit remit that are far from dampening those rumours.

The European Council has also made clear that it will not simply be tied down by the Spitzenkandidat process, and the weakening of support for the still young and informal system is a poor sign for its survival, even as it is an effort to somewhat democratise the Commission. While Merkel seems likely to support Weber, not only being an EPP candidate, but a German candidate and part of the CSU, her own party’s Bavarian
affiliate, Macron’s dislike of the power the system gives to the traditional parties along with a broader dislike among national leaders of giving up power over an important appointment, raises questions about the likelihood of Weber becoming Commission President, even as there is little doubt that the EPP will be the largest party.

What could the implications be for Europe on current predictions?

The greatest headache implied by the current predictions does not in fact have anything to do with the predictions themselves. It is the question of British MEPs, and the impact on the term of the parliament of the uncertainty surrounding them. Before the extension to Brexit the European Parliament had been cut from 751 members to 705, with the UK’s seats reallocated to 14 under-represented countries. Aside from the complication of the uncertainty of whether or not Britain will in the end take part in those elections, the rest of the Union is faced with the question of what to do about those MEPs.

The first question is whether or not to hold those elections as planned and to just hold those MEPs in reserve, waiting for Brexit to take their seats. This has been dropped down to a national level as a question to deal with, so it is likely that of those 14 member states, there will not be a unanimous decision about how to deal with the hospital pass of an election, and some will choose to elect reserve MEPs and some to hold top-up elections if and when Brexit does eventually come to pass.

The second question arising out of British participation in the elections is the appointment of the Commission and the alloca-
tion of the committee chairs and rapporteurs. This is the main focus of the first months of any Parliament sitting, and will be massively complicated by British MEPs, even if they are not the deliberate saboteurs threatened by various Leave politicians. Should the committees be allocated to the groupings based on the participation of the British MEPs? Legally, Britain is a full member until the day it is not, so they must be, but this will result in months of Parliamentary time being given over to settling into a structure that could be knocked down to the ground again come Halloween, or not. Should Britain be allowed a role in the negotiations over the European Commission, which unlike the committee chairs and rapporteurs has no mechanism for being renegotiated partway through the parliament, allowing a possibly no longer member state a significant say over EU policy making for the next 5 years? This uncertainty will sow chaos throughout Brussels, with either option causing headaches.
Bibliography

Albertazzi, Daniele, Giovannini Arianna and Seddone, Antonella. ‘No regionalism please, we are Leghisti!’ The transformation of the Italian Lega Nord under the leadership of Matteo Salvini’ in Regional & Federal Studies 28(5): 645-671 (2018)


Golson, William A. ‘The rise of European populism and the collapse of the center-left’. Available at: https://www.brookings.edu/blog/order-from-chaos/2018/03/08/the-rise-of-european-populism-and-the-collapse-of-the-center-left/ Accessed 20/04/2019


BOSTON-LINCOLNSHIRE- Nigel Farage Ukip migrants video Accessed 13/04/2019


Pickard, Jim. ‘Welcome to the most pro-Brexit town in Britain’. Financial Times (2017) Available at https://www.ft.com/content/160a9604-e969-11e6-967b-c88452263daf


Albertazzi, Daniele, Giovannini Arianna and Seddone, Antonella. ‘No regionalism please, we are Leghisti!’ The transformation of the Italian Lega Nord under the leadership of Matteo Salvini’ in Regional & Federal Studies 28(5): 645-671 (2018)


Galson, William A. ‘The rise of European populism and the collapse of the center-left’. Available at: https://www.brookings.edu/blog/order-from-chaos/2018/03/08/the-rise-of-european-populism-and-the-collapse-of-the-center-left/ Accessed 20/04/2019


Pickard, Jim. ‘Welcome to the most pro-Brexit town in Britain’. Financial Times (2017) Available at https://www.ft.com/content/160a9604-e969-11e6-967b-c88452263daf


Young Fabians
MEMBERS OF EUROPEAN PARLIAMENT ELECTIONS
PUBLICATION TWO: THE ISSUES

Young Fabians