

# THE STATE OF THE EUROPEAN UNION

How European citizens deal  
with these times of crisis







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*Director:*

Diego López Garrido

*Co-directors:*

Michael Ehrke and Nicolás Sartorius

*Coordinator:*

María Pallares

FUNDACIÓN ALTERNATIVAS AND FRIEDRICH-EBERT-STIFTUNG

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Original title: *El estado de la Unión Europea La ciudadanía europea en tiempo de crisis*

Translation by Tim Gutteridge, James Kelly, Jenni Lukac and Katie Anne Whiddon

Editing by Bernardo Navazo

Designed and printed by Exlibris Ediciones, S.L.

Infanta Mercedes, 92, bajo - 28020 Madrid

91 571 70 51

[www.exlibrisediciones.com](http://www.exlibrisediciones.com)

Cover designed by Exlibris Ediciones, S.L.

ISBN: 978-84-92848-68-3

Legal deposit: M-14545-2014

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# Presentation

This third Report on the state of the European Union 2013–2014, a report co-compiled by Fundación Alternativas and Friedrich-Ebert-Stiftung, bears the title “European citizenship in a time of crisis”. For it is something of a paradox that Europe’s institutions declared 2013 to be the European Year of Citizens when, we posit, in a union of democratic countries, there should not be a year of citizens since every day is to be dedicated to or focused on the citizens who are the basis and foundation of any democracy.

At the same time, as in other moments in history, periods of crisis are not generally good for the citizenry. Just as truth is said to be the first victim of war, so one might argue that the ordinary citizen is the first victim of crisis. And in a crisis as long and as deep as the present one, the ranks of those sacrificed can be counted in their millions across the length and breadth of the European Union. For this reason, we have decided to focus this Annual Report on Europe’s citizens rather than, as has been the case in previous years, on macroeconomic indicators or on institutions.

Thus we consider the emergence of an incipient European *demos*, and the participation of European citizens in elections over the past year, with a particular focus on the most recent federal elections in Germany, given their potential influence on the future of the Union. We then analyse the unease and dissatisfaction of Europeans with regard to how the Union is being constructed and how it operates, and ask whether this is a deep-seated or a merely temporary phenomenon. We also consider the worrying rise in opinion poll support for populist, xenophobic, nationalist and anti-European parties and movements.

We too include an analysis of how the European Union’s legislation and decisions have affected the daily life of Europeans, an issue on which there is a lack of objective information, given that governments tend to blame the Union for bad news and take credit for good news, regardless of where responsibility really lies. We also think it is important to know how public opinion has changed, the role of media in these times of change and the undeniable significance of the consequences of the transition from analogue to digital. We could not ignore the question of how the Union has been affected by the increasing globalisation of economic and political processes, nor overlook the Union’s role in defending and extend-

ing human rights and democracy, as well as the Union's contribution to the struggle against poverty, which remains one of the great scourges of humanity. And in the light of the tragedies of Lampedusa (in which uncontrolled migration flows provoked the death of nearly 400 immigrants died when their boat sank) and of the ongoing Civil War in Syria, it was also essential that this Report address the question of European immigration and asylum policies.

Another topic that we could not ignore was the development of an economic and monetary union and its effect on its national counterparts, a cause of dissatisfaction and protest among Europe's citizens. For the crisis is having a major impact on the welfare state built at the end of the Second World War. One needs only to look at the unemployment situation, with an EU-wide rate of 11%, the fall in wages and salaries, and the reductions in pensions and cuts in social protection. To put it bluntly, the standard of living and of social welfare of the majority of Europeans has fallen while inequality has risen, the rich becoming even richer. The reader will also find an analysis of trade union struggles and social movements against austerity measures in a number of European countries.

The final chapter of this third Report suggests some considerations for the future. In May 2014 important Union-wide elections for the European Parliament will be held. These elections will determine, among other issues, whether the pro-European forces are strengthened or whether the upper hand is held by parties which, in one way or another, seek a return to a past dominated by nationalism; whether the progressive parties obtain a majority in the European Parliament or if, instead, this body continues to be dominated by the conservative parties who are uncompromisingly and unrelentingly committed to policies of austerity. Whatever the outcome, these elections are bound to have important consequences for our future, because the incoming Parliament, with its growing competencies, will have to decide how we come out of this crisis, whether or not we make good the damage the crisis has caused, whether we remain stuck in the current situation or, on the contrary, take decisive steps towards a federal Europe in which its citizens and their representatives have the decisive voice vis-à-vis the markets, the financial powers or whatever institution that nobody has voted for. For the first time, we will have the opportunity to choose a progressive or a conservative President of the European Commission, with all the implications this has for the direction of the EU policies that so greatly affects us. As explained, we, the collective authors of this Report, are committed to a social, political and economic union along federal lines, thus a federal union that takes progressive measures towards the promotion of democracy, equality and solidarity.

Finally, we would like, on behalf of our two foundations, to thank the authors for their efforts and for the high quality of their work. We also acknowledge the contribution of the Director, the Coordinator and the Committee for European Affairs (CEA) of Fundación Alternativas for their guidance, coordination and advice. A list of appreciations is unfinished without the due recognition to the Spanish Ministry of Foreign Affairs and Development Aid for its support within the framework of the program "Let's Talk About Europe".

A final thank you to the reader, if there is any, is also fitting and germane. We humbly hope he or she enjoy these pages.

**Nicolás Sartorius**

*Executive Vice-President, FA*

**Michael Ehrke**

*Delegate to Spain, FES*



# Introduction: The European citizenship deficit

Diego López Garrido

Both the origins and functions of the state imply the specific link between this bureaucratic structure and the social group around which it is organised and which is the source of its political significance: the *people*. This term does not refer simply to any group that can be identified by the group's residing in the state's territory or its subjection to its laws, but instead the *people* is defined as "*a group of persons bound to the state by legal ties of general and permanent belonging*": that is, by the **legal tie of citizenship**. As such, the members of this group hold a particular set of constitutional rights and obligations. This broad-based conception of citizenship is one of the defining characteristics of our era, reflecting the fact that in democratic states the status of citizen (formerly restricted to a small minority of individuals) is now extended to a much wider group.

The concept of *people* or *nation* is difficult to define if it does not ultimately coincide with that of citizen; in other words, the concept of the *people* finds its expression through the status of citizenship.

Since its creation, the weakest aspect of the European Union, whose architecture has imitated that of the state without becoming one itself, has been the link between the individual and the Union. The Union had territory, held political powers, had its own extensive body of law, but lacked the living source of legitimacy: the *people* or *demos*.

It has been said that the European Union was constructed from the top down. However, this was only possible so long as the Union's powers were very limited, and as the European Parliament was a parliament in name only. When the Union began to grow and took a qualitative leap forward with the Maastricht Treaty (1993) it became clear that this dynamic of top-down construction was no longer feasible. Today, and since democracy, the defence of the rule of law, and the respect for human rights are all key parts of the identity of the European Union, any extension of the Union's

powers entails a need to address the democratic deficit and to gain the support of the European 'people'.

The concept of 'European citizenship' was thus developed in an attempt to carve out a space for this "people" within the European edifice. The Treaty on European Union sets this out in articles one and nine, where it states that in the Union "decisions are taken as openly as possible and as closely as possible to the citizen," and that "every national of a member state shall be a citizen of the Union. Citizenship of the Union shall be additional to national citizenship and shall not replace it." European citizens were born and then enjoy the rights and freedoms established in the Charter of Fundamental Rights of the European Union.

Despite this legal protection, the reality is that Europe's citizens feel European without necessarily feeling that they are citizens of a larger political project. As this Report shows and the title of these pages suggests, there exists then "a European citizenship deficit."

European citizens believe that membership of the Union is in our best interest, and this belief is shared by those who are already in the Union and those who are outside but asking to join. However, the devastating economic crisis has shown just how far we are from a transnational democracy, and how real is the threat of a Union operating on an oligarchic basis.

The severity of the crisis, with its appalling impact on the lives of European citizens through unemployment, under-employment, poverty and so on, as well as on the European social model as a whole, have exposed the fragility and vulnerability of the concept of European citizenship. We need to recognise that, rather than feeling themselves to have been defended by the Union, citizens have felt threatened by the policy of austerity. They have not benefited from European solidarity. The result has been rising inequality and imbalances between north and south, between the centre and the periphery, and within individual member states. At the same time, the tragedy of the tens of thousands of women who suffer at the hands of the perpetrators of gender violence has continued, without any effective response from Europe.

Needless to say, the crisis has not extended European democracy, but has instead caused it to shrink, as the major economic agreements to cope with the crisis (financial rescue plans, programmes to support the banks, deficit targets) have pushed national executives to the fore (and held accountable for such actions) even if the decisions were made at the (unaccountable) European level.

Throughout 2013 and into 2014, the most important decisions have increasingly been adopted on an intergovernmental basis. In turn, the European Parliament and the Commission have played a subordinate role.

However, during recent months (and in contrast with the preceding period) there have been social mobilisations on an unprecedented scale. The reality does not bear out the assertion that nothing can be done in the face of the policies cutting spending on health and education, reducing welfare, or deregulating the labor market.

Hundreds of thousands of Europeans have taken to the street to protest, demonstrating that they believe mobilisation to be both useful and necessary, at the national and also the European level, as citizens who refuse to be subject to the markets and risk premia. Demonstrations and mobilisations ridden with European citizens.

At the same time, immigrants – the ‘other citizens’ – have responded to the crisis by striving to reach the European continent, despite the personal risk involved in seeking to breach the walls of Fortress Europe. Such a basic right as the right to asylum has suffered due to the lack of a European immigration policy.

The Union has to respond to the demands of European citizens. Launching the project of a social Europe is the key challenge for the legislature that begins with this year’s European Parliament elections. This Report includes a number of Recommendations that we hope will be taken into account in this regard.

The Europe of this century must be a Europe committed to its citizens, just as the Europe of the last century was a Europe of the states. Its policies must reflect the wishes of its people. This is why we believe it is so important to take actions that shake the Union out of paralysis with regard to its lack of attention in the needs of the citizenry: the Union is to aim at stimulating growth and employment, and at addressing issues such as social policy and immigration. These are policies designed to improve the lives of the inhabitants of Europe. For example, the creation of an Europe-wide unemployment insurance and a minimum salary, gender equality in wage policies included; the promotion of social dialogue; or the launching of a European poverty-reduction programme, both inside and outside of the Union. Another dimension of this set of citizenry-driven policies would address illegal immigration through the development aid that was interrupted by the economic crisis. For so long as there continues to be a huge difference in income levels between Europe and Africa, migration to the wealthier countries will remain unstoppable and will be perfectly comprehensible.

The achieving of these goals present a twofold dimension: economic and political.

Regarding the first dimension, the funding of hard-hit welfare states involves Eurobonds and a European fiscal system based on the harmonisation of direct taxes, a tax on financial transactions and a European programme to combat tax fraud. This needs to occur within the context of a



sustainable, investment-focused European economic policy that puts an end to the single-minded obsession with austerity as a solution to all problems. And a European Central Bank that moves beyond defending the financial system and creditors to promote reasonable levels of inflation.

With regard to the 'repoliticisation' of the European debate, recently advocated by Jürgen Habermas, this will only be possible if we expand the notion of an active European citizenship. Allowing those citizens who are residents and have put down roots in another country of the EU to vote in the general or regional elections of the country of their current residence, without losing the right to vote in their country of origin, would contribute to this expansion of the European debate. So too would the free movement of people, irrespective of their nationality, enabling a worker who has lost their job in a country which is not their own to stay there for an extended period of time in order to find another job, without being obliged to uproot their life and break their social and professional ties.

A Union of citizens, not just of states or of economies, is absolutely necessary for the political and social development of a Europe that continues to face the greatest crisis of its history. But this must remain a utopia if the major countries refuse to accept a change in the Treaties. In other words, what is required is a new period of European "constitutional reform," a reform that sets limits on the intergovernmental framework and that strengthens the Commission and the citizens' institutions and representatives of general interests – the European Parliament and national parliaments – in defining the policies of the Union. A reform that promotes the participation of citizens in the life of the Union, and that promotes the formation of European political parties and an European public opinion that we currently lack. A reform, in summary, that overhauls the European fiscal, monetary and labor architecture, and helps to create a genuinely social European Union.

In this respect, as in our 2012 Report, we again insist on the need to call a European 'constitutional convention' to reform the Treaties. Without this, it will be increasingly difficult for the Union to map out a route to the solutions for the very grave problems that currently threaten us.

This should take place following the important elections to the European Parliament on 25 May 2014, a crucially important date for all Europeans. These elections will choose the Parliament with the greatest spectrum of competences and the greatest degree of responsibility to the citizens of the Union. In this Report, we suggest a range of tasks for the incoming European legislature, an enormous to-do list. However, I have no doubt that this incoming Parliament's main focus should be on contributing to establish a European citizenry deserving of such a name, one consisting of free men and women at the heart of a federal, political Union.

European democracy



# European citizenship in a time of crisis

Carlos Closa, Cristina Daniela Vintila

## **Introduction: the origin and meaning of European citizenship**

Unlike the European Union, its member states are nation states, formed as the result of a process whereby a mass of individuals lacking rights were gradually transformed, through the conquest of these rights, into a community of citizens. Marshall classified the rights linked to citizenship as civil, political and social, and argued that historically they had been acquired in precisely that order. Although both his classification and the sequence have been questioned and in some cases shown not to apply, the framework still has great descriptive power.

Citizenship is defined in terms of formal status, but it is preceded by the process by which a mass of individuals are gradually brought together and come to perceive themselves as belonging to a group from which they draw their sense of identity. This identity grows as a result of historical processes, both voluntary and involuntary, through which the unity of a given human group is consolidated. Identity (as a sense of belonging) is often associated with the concepts of *people* or *nation*, and these are rarely the result of democratic decision-making pro-

cesses but are, instead, generally the product of historical contingency. It is these historical events that define the limits of the nation or people, and this delimitation in turn simplifies the process of identifying the holders of these rights: those who potentially belong to the nation.

The creation of EU citizenship has followed a different course. Obviously, there is no pre-existing European people or nation, in an ethnic or linguistic sense, nor have European rights arisen from popular 'struggle' or demands. Instead, European citizenship rights were created by mutual agreement between governments, and the initial purpose of this was instrumental: to guarantee the operation of the single market, as a result of which the first and principal right was freedom of movement and residency. When negotiating the Maastricht Treaty, the Spanish Government pushed for the creation of a statute that would move beyond the 'Schmittian' dichotomy of friend or foe, and would no longer define the nationals of other countries as 'privileged foreigners'. However, these declarations of intent did not inspire a statute that was equally solid in terms of the rights it guaranteed.

## The rights deriving from European citizenship

In a restricted sense, the statute of European citizenship confers on the nationals of EU member states an *additional* set of rights that the treaties explicitly recognise as such: the right to freedom of movement and residence; the right to vote for and stand as a candidate in local and European Parliament elections in the state of residence; the right to diplomatic and consular protection by the delegation of another member state when there is no representative of the individual's member state; the right to petition the European Parliament and complain to the Ombudsman; and the right to contact and receive a response from any EU institution in one's own language. According to the Commission, these rights have been granted with the aim of promoting citizens' feelings of identification with the Union,<sup>1</sup> although their actual value has often been questioned in light both of the minimal definition and limited scope of these rights. However, in a broader sense, the concept of European citizenship intuitively includes other rights that exist in the scope of the EU but are not explicitly linked to the statute of citizenship.

The implementation of these rights is uneven due to the fact that, as the Commission itself recognised in its report "*Dismantling the obstacles to EU citizens' rights*", the existing legislation with regard to these rights often bears little relation to the daily reality of citizens, particular those living outside of their own country.<sup>2</sup> Although the right to freedom of movement and freedom of residence appeared to be well established, recent events deriving

from the increasing politicisation of the issue of migration in some European countries – including the threat of the UK's Conservative-led government to withhold these rights from Romanians and Bulgarians after the end of the transitional period in 2014 – question its irreversibility. In practical terms, the number of citizens who exercise this right is not very large: at the end of 2012, the total number of EU citizens residing in another member state of the EU was 14.1 million, the large majority of whom (78%) were of working age (15–64 years).<sup>3</sup> Although this might sound like a lot of people, in relative terms intra-EU migrants represent only 2.8% of the total population of the European Union.

The rights to vote and stand in elections have been implemented in all EU states, although with varying degrees of speed. In many countries, the transposition of European directives on the exercise of these rights into national laws marked the first step in the process of including foreign residents in the national electorate, in some cases giving rise to political debates regarding the need for constitutional reform to enable their implementation. The challenge in seeking to ensure that these rights are implemented effectively concerns the scant involvement of European citizens in elections in their country of residence. The lack of information about voting procedures is one potential explanation for low levels of political participation, particularly in those countries where the information offered by the authorities is inadequate.<sup>4</sup> To this must be added the institutional barrier by which European citizens have to be included in the Electoral Register of their country of residence before they can vote, a require-

<sup>1</sup> COM (93) 702 final.

<sup>2</sup> COM (2010) 603 final.

<sup>3</sup> COM (2013) 837 final.

<sup>4</sup> COM 82010) 603 final.

ment which is an obstacle to their electoral participation.<sup>5</sup>

While there has been progress in the area of diplomatic and consular protection, this remains a residual aspect of the statute regulating EU citizenship. Indeed, the reality is that this right is not yet fully operative, as citizens often encounter ignorance on the part of consular officials regarding this right and the administrative procedures required in order to exercise it effectively.<sup>6</sup>

Finally, with respect to petitions to the European Parliament and the European Ombudsman, it is not easy to establish a correlation between these rights and the aforementioned statute, because the right to petition is open to any individual or organisation in the EU. In 2012, the Committee on Petitions of the European Parliament received 1964 submission, slightly lower than the figure of 2091 for the previous year. To September 2012, 7 of every 10 petitions were admitted, the majority of them referring to issues of fundamental rights, the internal market and the environment.<sup>7</sup> On the other hand, the European Ombudsman receives around 2500 complaints every year, and the number of *preliminary investigations* grew from 323 in 2010 to 459 in 2012, with many of these relating to identified problems of transparency within the European administration.<sup>8</sup>

The meagre exercise of these EU citizenship rights by the EU citizenry is not due simply to ignorance; in fact, awareness of the concept of “citizen of the European Union” is very high, with 8 out of 10 respondents in the Flash Eurobarometer survey saying they were familiar

with the term, although less than half (46%) said they knew what the term meant with detail.<sup>9</sup> With respect to their rights as citizens of the EU, respondents are more familiar with their rights to free movement and residency and the right to petition European institutions than they are with other rights. Likewise, 9 in 10 Europeans know they have the right to reside in another EU country of which they are not a citizen, and it is this right that is most strongly associated with the legal statute on European citizenship. Furthermore, more than two thirds of respondents (67%) consider that this freedom of movement, as one of the fundamental freedoms of the internal market, brings economic benefits for their country.

Europeans have a high level of familiarity with the right to petition EU institutions (89% of them know that they can exercise this right as citizens of the EU)<sup>10</sup>. However, electoral rights, despite being seen as the “corollary of the right to move and reside freely”<sup>11</sup> are less well known. Likewise, 72% of Europeans know they have the right to vote and stand in elections to the European Parliament when inhabiting in other member states (compared to just 54% in 2007).<sup>12</sup> This level of awareness was lower when respondents were asked specifically about local elections: in 2012, 66% of interviewees were aware of the existence of this right, although this figure was almost double the level recorded in 2007 (37%). Finally, it is important to stress that, although Europeans are more familiar with some European citizenship rights than others, in general only 24% of them said they were aware of the procedure to

<sup>5</sup> COM (2010) 605 final; COM (2012) 99 final.

<sup>6</sup> COM (2010) 603 final; COM (2011) 149 final.

<sup>7</sup> COM (2013) 270.

<sup>8</sup> COM (2013) 270.

<sup>9</sup> Flash EB 365 (2013).

<sup>10</sup> Flash EB 365 (2013).

<sup>11</sup> Council Directive 94/80/EC, 19 December 1994.

<sup>12</sup> EB 364 (2013).

follow in the event of these rights not being respected.

### The question of the European demos

The notion of citizenship is inextricably linked to the question of democracy: it makes no sense to talk of citizens where there are no political rights. And the subject of democracy is the *demos*; that part of the nation that exercises the democratic rights of self-determination and, in practice, has always provided the basis for any democratic system. In the EU, the existence of citizenship has not answered the question as to whether there is really a European *demos* or people. Could such an entity exist?

As noted at the start, the EU lacks a nation or people in the strict sense, and the question therefore is whether it is possible for a *demos* to exist where this *demos* does not derive from a pre-existing, pre-democratic entity. There are two possible lines of response. One was presented in the ruling of the German Federal Constitutional Court on the Maastricht Treaty in 1992, which argued that it is impossible to conceive of Europeans as a political subject, as they lack the identity, language and solidarity mechanisms that characterise nations in states. The principle of majorities, that is characteristic of democracy, only makes sense in this context. This approach applies sociological empirical reality, and transforms it into a normative model. The contrary thesis, associated with an approach that draws on the 'constitutional patriotism' of Habermas, argues that the knowledge and exercise of shared rights can form a basis for constructing a model of identity derived precisely from the reflexive process associated with the exercise of these rights. Obviously, this model of identity differs significantly from the na-

tional one by giving primacy to a normative definition of the *demos* while ignoring its sociological underpinnings.

Both hypotheses need to be tested, although the second would seem to be more directly relevant to the European situation. In it, identity would derive from the exercise of rights, primarily but not solely political ones. And within the context of the EU, the exercise of European political rights shows significant levels of disaffection. One of the most noticeable indicators of this disaffection is the low turnout in European Parliament elections. Although citizens' votes are essential to the democratic legitimacy of the EU and the quality of European political representation, the turnout in European elections has fallen gradually from 62% when the first European elections were held in 1979 to 43% in 2009. And this level of participation has continued to be lower than the turnout in national elections, reawakening concerns about the democratic deficit in the EU and the absence of a real commitment of the citizens of member states to the European political project. At the same time, the level of interest in European elections varies widely from country to country. In the 2009 elections, the level of electoral apathy was significantly higher among citizens of the 12 countries that joined the EU in 2004 and 2007, as compared to the citizens of the original EU15 countries. In the first group, voter turnout in 2009 was 38%, compared to 52% for citizens of the EU15, confirming a trend that had already been observed in the 2004 elections. However, these figures should come as no surprise if we remember that only slightly more than half of Europeans (54%) see voting in European Parliament elections as an effective way of influencing the decision-making process.<sup>13</sup>

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<sup>13</sup> Flash EB 373 (2013).

At the same time, we should note that this apathy towards European elections is accompanied by an alarming and growing disenchantment with the EU in general, and a fall in support for it, as indicated by a number of statistics. Firstly, a relative majority of Europeans (39%) have a neutral image of the EU: over recent years there has been a clear fall in the percentage of Europeans with a positive attitude overall to the EU (31%), while the proportion of respondents with a negative image of the EU has risen to 28%.<sup>14</sup> Secondly, the citizens of member states only have a moderate level of knowledge of the EU: in 2012, 1 in every 2 citizens said they knew about how the Union operated.<sup>15</sup> What is more, there appears to be a positive correlation between citizens' level of knowledge and their perception of the Union as a whole: while 43% of those who said they knew how the EU operated tend to evaluate it positively, this rate fell to half (21%) among those who said they did not have information about it. Thirdly, Europeans' assessment of the quality of democracy in the EU is another indicator of disaffection with European politics. As **Figure 1** shows, the percentage of Europeans who say they are dissatisfied with how democracy works in the EU (45%) is slightly higher than the proportion who believe the opposite (44%).<sup>16</sup> Dissatisfaction with European democracy has increased over recent years since the start of the crisis to the point where this is the majority sentiment in Greece (77% dissatisfaction with EU democracy), Portugal (66%), Spain (54%), Italy (53%), the United Kingdom and Austria (52% each).

Fourthly, the data shows that, in recent years, there has been an erosion in the level of

trust in the EU, both in general and with regard to specific European institutions. According to the results of a survey conducted at the end of 2013, only 3 in every 10 Europeans trust the EU as a whole, although the level of trust was even lower when respondents were asked about their trust in national governments and parliaments (**Figure 2**).<sup>17</sup> At the same time, since the start of the crisis and in the context of the austerity measures taken to palliate its effects, there has been a significant fall in the citizens' level of trust in the individual European institutions. In 2012, the European Parliament was the second most trusted European institution (44%), after the CJEU (49%) and ahead of the Commission (40%), the ECB (37%) and the Council (36%).<sup>18</sup>

Finally, the data leaves no room for doubt as to the high proportion of citizens who believe that their preferences are not taken into consideration in European politics. In 2013, two thirds of Europeans (66%) believed that their voice did not count in the EU, a proportion that has been rising gradually since 2009 (**Figure 3**). This trend was observed in all member states, with the exception of Denmark, the highest values being recorded in Cyprus and Greece (86% of the citizens of these countries believe that their opinions do not count in the European Union), Spain (80%), Italy, Portugal and the Czech Republic (79% each). Furthermore, the data suggests that this opinion is positively correlated with perceptions of the quality of democracy in the EU: almost 8 out of 10 citizens who believe that their voice matters in the EU are also satisfied with European democracy; while 62% of those who believe the opposite are also dissatisfied with the quality of democracy in the EU.

<sup>14</sup> EB 80 (2013).

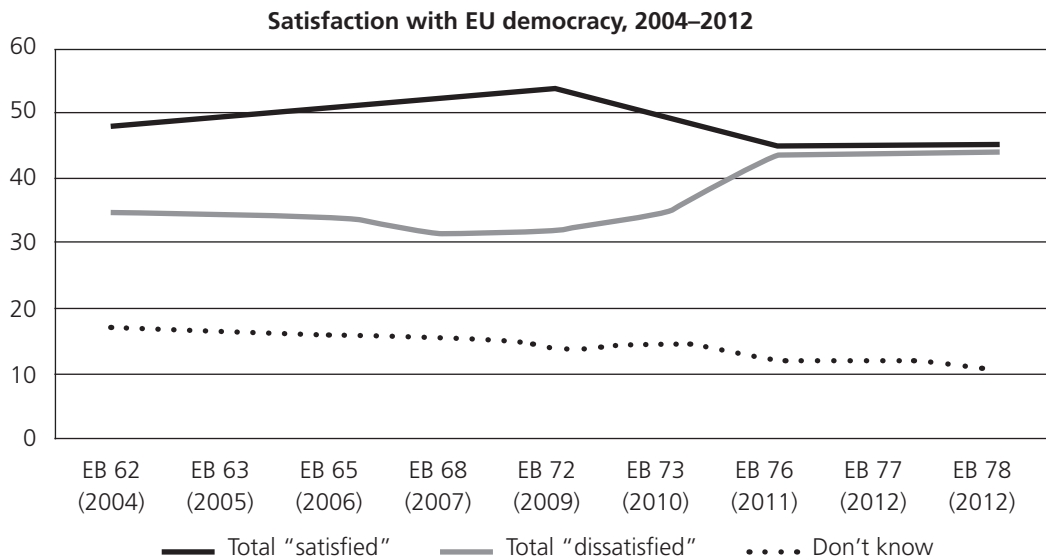
<sup>15</sup> EB 78.1 (2012).

<sup>16</sup> EB 78 (2012).

<sup>17</sup> EB 80/2013.

<sup>18</sup> EB 78.1/2012.





Source: Developed by the authors on the basis of Eurobarometer data, various years.

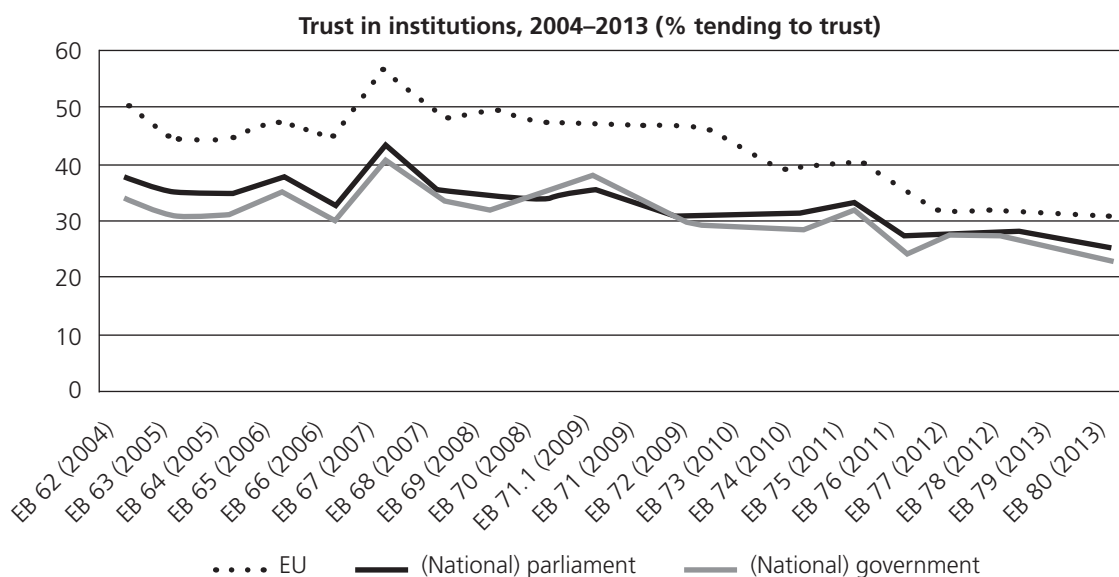
**Figure 1.** Opinions regarding EU democracy

This data cannot hide a paradox: despite the influence of the EU in daily life, citizens continue to believe that national politics remains the key decision-making sphere. And this domain continues to be reserved to the citizens of nation states: no member state has moved towards granting voting rights to nationals of other states in legislative elections or political referendums (the only exceptions are the United Kingdom, which grants these rights to Irish and Commonwealth citizens, and Portugal, which grants this right to Brazilian residents). Instead, this right continues to depend on acquiring the nationality of the state of residence. This limit on the connection between political rights and residency reflects the exclusive scope of national citizenship, and the link between this citizenship and some ill-defined and vague, but nonetheless real, notion of identity. In contrast, as explained below, European identity is weak and difficult to grasp.

### The European identity

As noted above, the legal status of the European citizenship, together with the set of rights associated with it, have often been seen as a means by which to promote the consolidation of a European identity that would bind citizens to the EU. Underlying this expectation is the argument that the effective exercise of the rights associated with the European citizenship may promote both an awareness among citizens of member states of their legal status as citizens of the EU, and also feelings of identifying with and belonging to the Union. According to this logic, which is very prominent in the discourse of European institutions, European identity is defined as a dynamic construction that takes form and is reinforced through the exercise of the rights granted to European citizens.

However, it is difficult to argue for the existence of a European identity if this refers to indi-



Source: Developed by the authors on the basis of Eurobarometer data, various years.

**Figure 2.** Changes in the level of trust in institutions, 2004–2013

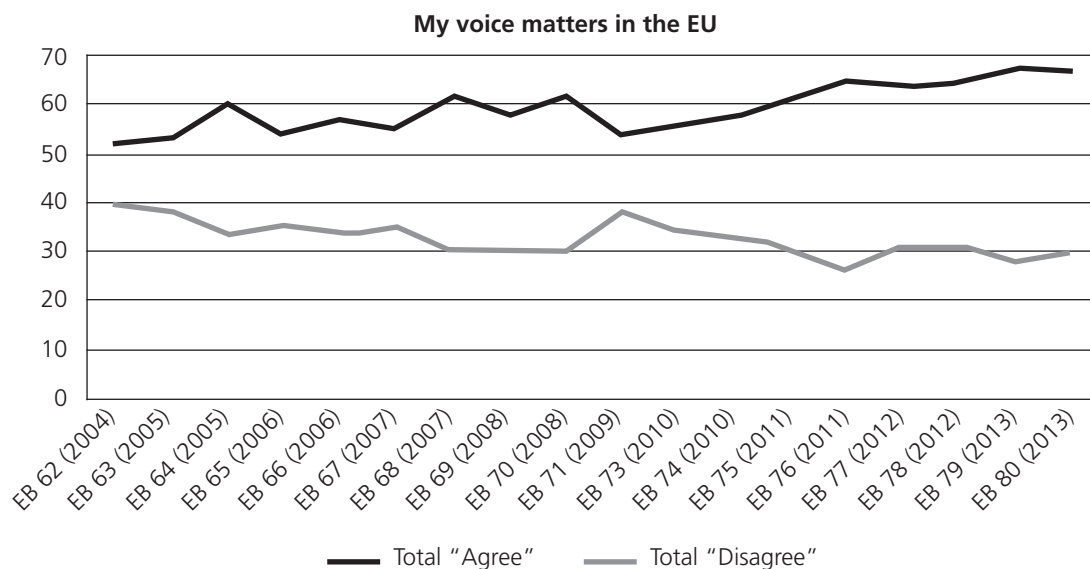
vidual perceptions. In this respect, opinion data points towards the persistent fragmentation in the ways in which citizens identify, and shows that national identity clearly prevails over European identity, with a huge majority of citizens continuing to identify themselves primarily in terms of their country of origin rather than with reference to the EU. **Figure 4** shows that, in 2012, around 43% of citizens described themselves as both nationals (of their state) and Europeans, but a higher proportion still (44%) described themselves as national citizens only, while a small proportion described themselves as European and national citizens (6%) or just Europeans (4%).

Among those who identified solely as nationals of their own countries, there were significant differences between the generations, suggesting that the young, who are in principle more aware of their position as citizens of the

EU and who have made more use of the rights granted by this status, are less likely to identify with the national state: while 37% of those under 25 identified solely with their country of origin, for those over the age of 55, for example, this rate rose to 54%. In addition, in 9 of the 27 EU countries, more than half of the respondents described themselves only as citizens of their nation state, with the highest level being recorded in the United Kingdom, where almost 7 in 10 citizens identified solely as British.<sup>19</sup>

A first conclusion to be drawn, then, is that not all Europeans feel themselves to be such, and furthermore that Europeanness is a shared identity that coexists with a more exclusive, national identity. European identity is constructed on two compatible, non-exclusive levels (although not necessarily ones which are harmoni-

<sup>19</sup> EB 77.4 (2012).



Source: Developed by the authors on the basis of Eurobarometer data, various years.

**Figure 3.** Perception on the importance of individual opinions in the EU

ously related). These perceptions fit with the type of status constructed by EU citizenship: a minimalist status, deriving from nationality of the member states that does not create new rights but, instead, extends some existing ones to citizens of other EU member states.

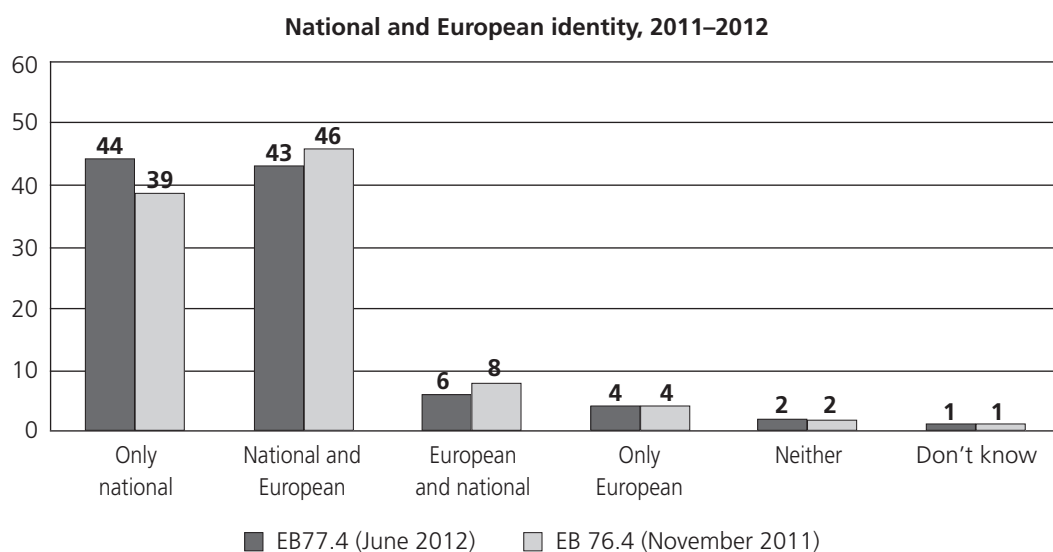
The feeling of European identity (shared or, marginally, exclusive) has to be related to its components. Which aspects form the basis of such an identity? According to the respondents, the most important elements that go to make up the European identity are, in this order, the values of democracy and freedom (47%), the single currency, the euro (43%), culture (27%), history (26%), the success of the European economy (20%), geography (19%), the European flag (13%), the motto (13%) and the anthem (5%).<sup>20</sup> It is significant that essentialist

traits, such as race, religion or language do not form part of this set (although culture and history do), while constitutional values (democracy and freedom) and economic achievements (the euro and the economy) are included. One could argue that what we are dealing with here is a *rationalised* identity in which reflection on certain types of constitutional values and certain public policies acts as an element in the construction of this identity while, in parallel, the symbolic component is less important.

Finally, the opinion data detect a difference between feeling *European* and identifying as a *European citizen*. On average, four in every ten nationals of member states DO NOT feel themselves to be citizens of the EU<sup>21</sup>, and once again the results are influenced by age: among the younger generations, the proportion of those

<sup>20</sup> EB 77.4 (2012).

<sup>21</sup> EB 80 (2013).



Source: Developed by the authors on the basis of Eurobarometer 76.4 (2011) and 77.4 (2012).

**Figure 4.** The identity of European citizens

who do not feel themselves to be European citizens is significantly lower (32%) than for those aged over 40 (68%). There are also interesting variations between countries. The highest levels of identification with the EU are observed in Luxembourg (85% of Luxembourgers feel themselves to be European citizens), Malta (74%), Germany (73%) and Finland (73%). In Spain, 69% feel European (while 30% do not, and 1% DK/NA). At the opposite pole, the countries whose citizens are least likely to identify themselves as citizens of the Union are Greece (58% DO NOT feel themselves to be citizens of the EU), the United Kingdom (56%), Cyprus (54%) and Italy (53%). The feeling of being a European citizen is more widespread among inhabitants of the euro area (62%) than outside of it (54%).

Needless to say, more essentialist discussions of the existence of a European identity make strong reference to classical culture, shared history and Judeo-Christian ethics. However, this

raises the problem of their specificity, as these elements are shared by people in other parts of the world, while at the same time the specific way in which these elements interact with other national cultural influences means that the resulting differences would appear to prevail over any shared elements.

### The limits of European citizenship

In its design, European citizenship has not taken into account two crucial issues for national citizenship: political self-determination (related to political rights) and equality (related to social rights). As we have seen, the national sphere and the exercise of rights within this context continues to be the priority in terms of political self-determination (in other words, when taking decisions about how citizens wish to be governed), although this leads to a paradox, given that many national decisions are conditioned or

pre-determined at the European level. Social rights are, in turn, conditioned by political ones, as the provision of the public goods required to make them effective depends on democratic decisions.

The existence of a *demos* presupposes the capacity to take decisions about public policies (subject to constitutional reservations) on the basis of changing balances of opinion. In the European sphere, in the member states of the EU, the central political conflict revolves around the relationship between the market and the capitalist economy, and the mechanisms to reduce the inequalities that the market and this type of economy generate. It is no coincidence that most EU member states describe themselves as social market economies (or similar), and this means that a commitment to redistribution is written into the European DNA. However, the EU has not gone so far, and redistribution remains an open question. For a start, many of the policies that guarantee the market and liberal (or *Ordoliberal*) macroeconomic and fiscal orthodoxy have been written into the constitution and provided with powerful mechanisms to ensure their application. Furthermore, surveys also show that, with regard to the elements felt to be most important in consolidating feelings of belonging to a shared community among EU citizens, it is the social benefits that are valued most highly, and this prompts consideration, once again, of the need to develop a notion of citizenship based more firmly on the exercise of the rights deriving from this statute. In fact, the majority of respondents said that sharing a European welfare system would be the mechanism that could best strengthen the feeling of being an EU citizen (44% of respondents chose this option, more even than the right to benefit from an EU-wide pension

system, at 33%).<sup>22</sup> Curiously, the more participatory options, such as the possibility of voting in all elections in another member state, were less highly rated as a potential means of strengthening the feeling of European citizenship.

And this raises a key challenge. Can EU citizens influence these policies to make them more redistributory? Is this possible, given the way the EU is currently constructed? In other words, can European democratic processes generate greater redistribution? Most attempts to consider these questions, whether theoretical or empirical, argue that redistribution is only possible where it is supported by strong links of trust and solidarity. As recent secessionist tensions in Catalonia, Flanders and Scotland illustrate, national (or nationalist) sentiment sets clear limits upon solidarity. The same could be said of the trend in some countries towards *welfare chauvinism* (limiting the enjoyment of social rights and redistributory policies to fellow nationals). Worse still, it has become clear as a result of the crisis that the dominant view of solidarity is one that does not extend beyond state borders (although within these, too, policies of solidarity are being eroded).

## Conclusions

To mark the twentieth anniversary of the creation of the concept of European citizenship in the Maastricht Treaty, 2013 was officially designated the European Year of Citizens. However, the concept of EU citizenship remains open to question, both as a result of the minimalist scope of the rights that such citizenship grants

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<sup>22</sup> EB 77.4 (2012).

to Europeans, and also in light of the limited and unequal degree to which these rights are exercised. To this must be added the absence of a European *demos* that is actively involved in and has a sense of belonging to the Union.

The social and political panorama in the EU in 2013 is a long way from the initial optimism that accompanied the formal introduction of EU citizenship twenty years ago. This optimism stressed the constructive potential of the new legal status as a formula that would add a much-needed political dimension to the process of European integration. The result, however, has not been so positive. Firstly, the rights that European citizenship grants to its beneficiaries are still affected, in practice, by obstacles that prevent them from being exercised in full, whether administrative barriers or informal barriers deriving, for example, from the lack of adequate information about the rights themselves or growing political hostility towards them.

Secondly, it is difficult to argue that European citizenship has really achieved its ambition of promoting the consolidation of a European *demos* and a European identity as such. European identity continues to have little visibility and to be only a weak presence in the collective imagination, particularly when compared with national identity. And the political reality points to a growing gulf between citizens and the EU, reflected in the low turnouts in the last European Parliament elections in 2009. In addition, the gradual rise in the level of distrust towards political institutions, both national and European, together with Europeans' declining approval ratings of the EU and the quality of European democracy, have become key indicators of an alarming level of political disaffection among European citizens, disaffection which has only been aggravated by the economic crisis and its resulting social impact.



# The crisis of democracy in Europe and its effects

José Enrique de Ayala

It is clear that the European Union (EU) is a democratic political entity, given that all of its Member States are based on the rule of law and on the liberal principle of the equal moral worth of the individual, although in recent times, the quality of democracy in some of them has suffered a certain degree of deterioration. However, as the Union has gone about addressing its most severe problems, it has become increasingly obvious that its institutional structure – set out in the treaties upon which it rests – constitutes an imperfect form of democracy, especially in terms of accountability, and that many European citizens perceive it as lacking sufficient legitimacy to take momentous decisions directly affecting their lives such as those it has made during the current crisis.

The political disaffection that ensues the publicly-perceived lack of legitimacy worsens when non-democratically constituted entities such as the International Monetary Fund (IMF) or the European Central Bank (ECB), which together with the European Commission (EC) form the so-called *troika*, are invested with the authority to call for and monitor economic measures imposed onto some of the EU Member States which imply heavy socio-economic

burdens for their citizens (which may or may not have received rescue packages), citizens of which states have no means of revoking a mandate that they never conferred.

## **The Legitimacy of Origin and the Legitimacy of Exercise of the European institutions**

All of Europe's institutions have democratic origins in that all the individuals who take part in meetings of the European Council or the Council of the European Union (with the exception of the members of the European Commission) represent freely elected national parliaments. However, the fact that they have been chosen by their compatriots and are to be held accountable by them implies that the heads of state who make up the European Council and the ministers who take part in EU Council meetings defend their own countries' interests in these institutions. Consequently, although the decisions they make – which may affect all Europeans or only the citizens of certain Member States – are, in the great majority of cases, the fruit of a convergence of national



interests, they may also be the result of pressures brought to bear and alliances forged in pursuit of an equilibrium between opposing interests, and as such, do not directly reflect the will of those affected. By way of an example, although German Chancellor Angela Merkel may have been the main driver behind European Council decisions affecting the lives of Greek citizens, she has never been under any obligation to account for these actions to the Greek public. This gap between the power to make decisions and the obligation to be accountable for these decisions made is at the root of the democratic deficit currently suffered by European intergovernmental institutions.

In spite of the new competences with which it was endowed by the Lisbon Treaty, the European Parliament (EP) - the only EU body whose members are directly elected by European citizens - still falls short of exercising all the competences traditionally granted to parliamentary bodies. For example, it does not have full legislative initiative or the right to censure individual commissioners and must muster a two-thirds majority to pass a motion of censure against the Commission as a whole. Furthermore, its lack of a framework through which representatives of Eurozone states could effectively deal with single currency issues causes continual problems related to that topic.

On the other hand, the independence of the EC is conditioned by the process through which its president is chosen. To date, candidates presented by the European Council for parliamentary approval have emerged from negotiations between the leaders of its most prominent Members, a practice that will change this year when individual political parties present their own candidates for this position in the upcoming European elections. Despite provisions of the Lisbon Treaty that stipulate otherwise, each

Member State continues to have a commissioner. This means that Member States continue to propose candidates whom the European Parliament cannot reject on a case-by-case basis and that the number of sitting commissioners rises as a result of enlargement although the number of the EC's competences remains the same. This asymmetry has its consequences. For example, Portuguese citizens who have had no direct input regarding the appointment of Commissioner of Economic and Monetary Affairs Olli Rehn find it difficult to accept decisions he makes that have a direct effect on Portuguese affairs.

Decisions taken by the EP and the EC, both 'community' institutions, enjoy a heightened democratic legitimacy, not only because their power springs from the votes of European citizens (directly in the first instance and indirectly in the second), but also because, at least in theory, they are neither an integral part of nor bound by allegiance to any national government but rather represent the citizens of Europe as a whole. These institutions therefore enjoy a certain degree of 'neutrality' in their relations with Member States, even though not all the individuals who serve in them may always be completely able to free themselves from their own national agendas or ignore the pressures brought to bear by other powerful states within the Union.

However, over the six years that have passed since the onset of the present crisis, the European Council has progressively assumed more power, becoming, in practice if not in theory, practically the only EU body that actually makes decisions. This development has been to the detriment of the EC, which has increasingly played the role of an executive organ subordinate to intergovernmental decision-makers, and the EP, which lacks the power and

influence to impose its own criteria. The dark side of this drift towards intergovernmental decision-making is that decisions taken by the Council to deal with the crisis have been very hard on certain Member States, whose citizens find it easy to believe that measures adopted have favoured the interests of stronger fellow Members (and Germany in particular) over their own. Even more importantly, people in these countries feel that outside agents they have had no role in choosing have stripped them of their capacity to make decisions concerning essential aspects of their future.

Some European institutions and Member States have occasionally attempted, in the name of efficiency, to flout the fundamental democratic principles to which they are bound as elected representatives of citizens directly affected by the decisions they make, especially when the consequences of these decisions are particularly painful. The following case is one recent example.

On December 18 the Economic and Financial Affairs Council (ECOFIN) reached an agreement on the single resolution mechanism (SRM) considered to be the second “leg” of the upcoming banking union; a disappointing decision given the intergovernmental nature of the mechanism approved, the complexity of the decision-making process it will involve, and the limited capacity of the resolution fund itself, which will be levied slowly over a ten-year period. All analysts agree that this agreement is one more example of Germany imposing its opposition to the mutualisation of risks on other countries. The following day the European Council approved the ECOFIN agreement, which paved the way for the EP, in its capacity as a co-legislative body, to review it and discuss any modifications it wished to make with the Council before the end of the legislature. The EP President Martin Schulz was

critical of the agreement as drafted and announced that modifications were in the offing. However, on January 20, German Finance Minister Wolfgang Schäuble travelled to Brussels to warn the EP’s negotiating committee that if they touched so much as a comma in the agreement on the table, Germany would veto the SRM. In violation of democratic principles, one Member State openly pressured the EP – the only European institution whose members are elected by citizens – in a bid to neutralise its capacity to make decisions regarding an issue of extraordinary importance not only to its constituents (in that it affects the banking system’s ability to offer credit and thus economic growth and employment) but also to the future of the economic and monetary union. Such meddling undermines a system of co-legislation specifically conceived to safeguard a balance between national interests (represented in the Council) and citizens’ interests (represented in the EP).

In the light of such events, it is not surprising that many European citizens feel they are being governed by institutions and individuals to whom they have never delegated their sovereignty and who therefore lack the legitimacy of origin to govern. Citizens – especially those in indebted Member States – are waking up to the fact that the decision-making power of their elected governments has shifted to institutions beyond their control, a situation that is breeding increasingly higher levels of contempt for European policy and institutions.

In addition to the need of a legitimacy of origin through the delegation of popular sovereignty, political institutions need to legitimise themselves on a daily basis by carrying out the functions for which they were constituted and authorised by vote to exercise, fulfilling their mandates and working for the common good. In other words, the EU’s legitimacy also springs

from its contribution to the security and well being of European citizens. According to the Eurobarometer 80 survey conducted in the fall of 2013 and released in December, 26% of Europeans polled believe that the main objective of the European construction should be improving the quality of life of all EU citizens, 22% think that economic development and growth should be the EU's top priority and 14% cite preserving peace and stability as being the EU's most important function.

Apart from the last of these three objectives – which could be at risk given the rise of ultra-nationalist parties – the EU's failure to respond to the financial crisis is patently clear. The Union has not been capable of fostering cohesion and solidarity among its Member States, nor has it managed to ease the hardships brought on by the crisis equitably between countries or social classes, maintain political control over the financial sector, or control tax havens – including even those within its borders. Decisions it has taken, such as those related to the Stability and Growth Pact and the banking union, have been late in coming and short of what was needed. The priority it has given to austerity policies and debt reduction, which has been good for lenders but bad for citizens, has resulted in economic stagnation, greater unemployment and inequality, and rising public debt in the Member States that most need to reduce their indebtedness.

The Eurozone continued to languish in recession in 2013, with a negative growth rate of -0.7, while the United States – which had adopted a policy that focused more on economic expansion – achieved a growth rate of +1.3. The European unemployment rate rose six-tenths of a percentage point to a high of 12.2%, and exceeded 25% in countries such as Spain and Greece. Since 2008, 5.5 million jobs have

been lost in the EU. The EC's third Annual Report on Employment and Social Development in Europe indicates that a quarter of the EU population is at risk of poverty or social exclusion. The policies implemented by the EU over the past few years have resulted in stagnation, unemployment, inequality and the deterioration of the Union's social model. If EU policies are not revised, European citizens are bound to question the legitimacy of exercise of the EU institutions too (in addition to our previous concerns regarding the legitimacy of origin).

### **Citizen discontent and the disaffection towards the Union**

European citizens believe they have no control over decision-making at the EU level, that those taking decisions in the name of the Union are not accountable to them and that decisions made are not only at odds with the principles of equality and solidarity but also often favour interests other than their own. There is a growing disaffection with EU institutions and the idea of the Union itself that could prove to be just as damaging, if not more, to the future of the process of European construction than the current crisis. Furthermore, while citizen discontent is somewhat of an issue throughout Europe, it runs higher in Southern European countries, which have suffered the consequences of an unremitting policy of austerity and fiscal discipline imposed upon them by the European Council at the insistence of several other Member States.

The European Union has never had less prestige in the eyes of its citizens or inspired less trust since surveys were established to track their opinions. According to Eurobarometer 80, trust in the EU has dropped to 31% – down 2

points from 2012 and down 26 points from its pre-crisis peak in the spring of 2007. In 2013, 58% of EU citizens tended not to trust the Union, a sentiment held by the majority of citizens in 20 Member States and over 70% of the citizens of Cyprus, Greece and Spain. The gap between citizens who supported the Euro (52%) and those who opposed it (41%) narrowed by 11 points over the previous year and by 23 points since the spring of 2007. The majority of European citizens believe that the EU is incapable of generating employment (52% compared to 40%), is responsible for austerity measures imposed (63% / 27%), will be less egalitarian in the wake of the crisis (45% / 37%) and will not force the financial sector to pay its fair share of the clean-up (50% / 34%).

The Union's image fared slightly better in 2013 than it did in 2012. This year, 31% of European citizens held a favourable opinion of the EU (up 1 point from the previous year) compared to 28% who had a negative opinion (down 1 point for the same period). This signifies a total gain of 3 points, which nevertheless pales in comparison to the 37-point difference in opinion registered in 2007. Citizens were also slightly more positive about the EU's future in 2013: 51% were optimistic (up 1 point from the prior year) compared to 43% who were pessimistic (down 2 points from 2012). The current 8-point margin between Euro-optimists and Euro-pessimists is higher than the 5-point margin reported in 2012 but a far cry from the 45-point margin registered in 2007. Pessimists outnumbered optimists in 8 Member States, among them Italy, Portugal, Cyprus, and Greece.

The majority of Europeans continue to believe that the EU is a good idea. When asked if their countries would be better positioned to face the future as non-member states, only 30% of the respondents replied yes compared

to the 56% of naysayers. The exceptions were Cyprus and the United Kingdom, where the majority believed their countries would be better off outside the Union. A full 90% of the people surveyed across the board believed that Member States should work together to find a solution to the crisis compared to a mere 7% who thought otherwise. This was also the majority opinion in most EU countries. In spite of their negative assessment of the EU's efforts to solve the economic crisis, 22% of all Europeans still believed that it could be most effectively addressed at the European level – the same percentage that believed that dealing with the crisis at the national level would be the most effective approach. In 2012, 23% had supported a EU approach and 20% a national one.

The fact that many Europeans believe EU institutions neither function democratically nor take the interests of all European citizens into account is a problem of deep concern. When asked if they thought that the EU was a democratic institution, 43% (-1) responded positively and 46% (+1) said no. Only 40% believed that the EU took their countries' interests into consideration compared to 53% who thought it did not. Less than a third felt that their voice counted in EU affairs: 29% (- 2) compared to 66% (+ 2). The difference in opinion on this issue has shot up from 20 points in 2007 to 37 points in 2013. Only the citizens of one Member State (Denmark), overwhelmingly believed that their voice counted in the EU. This stands in stark contrast to perceptions in Portugal, Spain, Italy, Greece and Cyprus, where as many as 75% expressed scepticism on this point.

More people believed that their voices counted at the national level: 47% of citizens in 12 Member States felt so compared to 50% who did not. Nevertheless, people's opinions about their national governments were no more

positive than their opinions about EU institutions. Only 46% believed that democracy was functioning well in their countries, compared to 52% who believed that was not, a slightly worsened situation since the 2012 49% - 49% tie. Distrust in political parties runs high throughout Europe: 82% felt they could not be trusted compared to a mere 14% who thought otherwise. Those who trusted political parties constituted a minority in all Member States, and the only countries in which over 30% of the population expressed faith in them were Austria, Denmark and Sweden. The countries registering the lowest levels of trust were Greece (4%), Spain, Slovenia and Latvia (6%); and Cyprus, France and Italy (7%). The percentage of people professing to trust their governments fell to 23% (- 4) compared to 72% who stated they did not. Governments enjoyed the trust of the majority of their citizens in only five Member States. Trust in government is lowest in Spain (9%), and only slightly higher in Greece, Italy and Slovenia (10%) Mistrust in national parliaments throughout Europe outweighed trust in these institutions 69% to 25%, the levels of trust being lowest in Spain, Greece, Italy and Slovenia.

### **The rise of populist, xenophobic and anti-European movements**

The sentiments that fuel these movements and constitute a threat to political stability and European cohesion are manifested in a rejection of traditional politics and a marked drift towards extremism within many different population groups. The EU's failure to provide solutions for citizens' problems is breeding nationalism and fracturing solidarity while the looming threat of social exclusion that is arousing animosity to-

wards strangers in general and immigrants in particular drives support for populist and far right-wing parties to levels unknown in Europe since the 1930s.

Many of these parties existed before the crisis and have even been voted into power (Austria and Italy) or provided support for conservative parties (Denmark, the Netherlands). The Liberty Party of Austria (FPÖ) was founded in 1956 and the National Front (FN) emerged in France in 1972. Other parties in this category include the Belgian Vlaams Belang (VB), which is the direct successor to Vlaams Blok, a similar party founded in 1978; Italy's Northern League (LN) founded in 1991; the Danish People's Party (DF) founded in 1995; and the Dutch Party for Freedom (PVV) founded in 2005.

The crisis has pushed many people whose problems have not been solved by mainstream political parties and who are desperately seeking an alternative – especially those citizens forced to compete with immigrants for shrinking employment opportunities and social services – to support these parties. Nevertheless, the level of this support has not been as spectacular as the public alarm that has provoked might suggest. **Table 1** compares votes received by extreme right-wing parties in EU countries in two successive national elections. Although the dates of these elections have varied from country to country, the 'previous' elections noted in this table reflect voter sentiment at the beginning of the crisis and the 'most recent' elections reflect the same several years on. Of the 18 parties tracked, 10 have lost voter support during this period, the NL losing more than half of its voter base and the PVV and the BV doing similarly with more than a third of theirs.

An increase of close to 18% in the votes cast for these parties as a whole is due to a rise in popular support for eight parties, which in the

**Table 1.** Votes received by extreme right-wing, xenophobic and ultranationalist parties in the most recent two parliamentary elections held in EU Member States<sup>1</sup>

Country	Party	Previous election			Most recent election			Variation	
		Date	%	Votes	Date	%	Votes	%	Votes
Austria	Liberty Party	09/08	17.54	857,029	09/13	20.51	962,313	+2.9	+105,284
Belgium	Vlaams Belang	06/07	11.99	799,844	06/10	7.76	506,697	-4.23	-293,147
Bulgaria	Ataka	07/09	9.40	395,707	05/13	7.30	258,481	-2.10	-137,226
Czech Republic	Dawn (Úsvit)	05/10	–	– <sup>2</sup>	10/13	6.88	342,339	+6.8	+342,339
Denmark	Danish People's Party	11/07	13.9	479,532	09/11	12.3	436,726	-1.7	-42,806
Finland	The True Finns Party	03/07	4.1	112,256	04/11	19.1	560,075	+15	+447,819
France	National Front	06/07	4.29	1,116,136 <sup>3</sup>	06/12	13.6	3,528,373	+9.3	+2,412,237
Germany	National Democratic Party	09/09	1.8	768,442 <sup>4</sup>	09/13	1.5	635,135	-0.3	-133,307
Greece	LAOS	10/09	5.63	386,152	06/12	1.58	97,099	-4.0	-289,053
	Golden Dawn	10/09	0.29	19,636	06/12 <sup>5</sup>	6.92	426,025	+6.6	+406,389
Hungary	Jobbik	04/06	2.2	119,007 <sup>6</sup>	04/10	16.67	854,745	+14	+735,738
Italy	Northern League	04/08	8.3	3,024,758	02/13	4.08	1,390,156	-3.9	-1,634,602
Netherlands	Party for Liberty	06/10	15.4	1,454,493	09/12	10.1	950,263	-5.3	-504,230
Romania	Greater Romania	11/08	3.2	217,595	12/12	1.24	92,239	-1.96	-125,356
Slovakia	Slovak National Party	06/10	5.07	128,490	03/12	4.55	116,420	-0.52	-12,070
Slovenia	Slovenian National Party	09/08	5.40	56,832	12/11	1.80	19,786	-3.60	-37,046
Sweden	Sweden Democrats	09/06	2.93	162,463	09/10	5.70	339,610	2.77	+177,147
United Kingdom	British National Party	05/05	0.7	192,745	05/10	1.9	564,321	+1.2	+371,576
<b>TOTAL</b>				<b>10,291,117</b>			<b>12,080,803</b>		<b>+ 1,789,686</b>

Source: author.

<sup>1</sup> Data for countries with bicameral legislatures always corresponds to the lower house.

<sup>2</sup> The Dawn of Democracy Party was founded in 2011.

<sup>3</sup> Figures are for the first round elections.

<sup>4</sup> Figures are for the first vote.

<sup>5</sup> An election held in May was followed by a fresh election held in June. Figures above are for the latter.

<sup>6</sup> Votes for regional lists (proportional election system).

case of a few has been spectacular. The number of votes received by the National Front and the True Finns Party have tripled and quadrupled respectively over the last two elections, and the Hungarian Jobbik party attracted seven times more voters in the most recent election than it had in the previous one – a feat only outdone by Golden Dawn party in Greece, which received 20 times more votes in 2012 than it had in 2009.

The number of votes cast for extreme right-wing parties fell in three of the five Member States in which elections were held in 2013 and rose in the other two – resulting in a total of 1.5 million votes less, a decrease largely attributable to the collapse of the Northern League. Throughout the Union as a whole, only six such parties have won more than 10% of the vote: the FPÖ, the True Finns Party, Jobbik, the National Front, the DF and the PVV. There is a

distinct possibility that voter support for some of them such as the National Front could rise sharply in percentual terms in the EP elections due to the abstention of traditional voters, the configuration of nation-wide electoral districts, the workings of proportional systems and voters' tendency to use EU elections as opportunities to cast protest votes against ruling governments.

The list provided in Table 1 is not exhaustive. It could have been broadened to include the National Alliance of Latvia (a coalition between conservative forces and a far right-wing party), the various splinter factions of the Croatian Party of Rights (a legacy of the philo-Nazi party that gave birth to the Ustache movement), and even the UK Independence Party (UKIP), a clearly "Eurohostile" party whose anti-immigrant stances echo those of extreme right-wing European parties but that nevertheless refutes accusations of racism. The parties listed in Table 1 are by no means ideologically homogeneous. They range from the PVV, whose platform is a mix of Islamophobia, support for Zionism and tolerance for homosexuality, to openly anti-Semitic neo-Nazi parties such as the Golden Dawn in Greece, whose members have adopted the raised-arm fascist salute, and Jobbik, which last

November unveiled a monument in the centre of Budapest to Miklos Horthy, Hungary's regent from 1920 to 1944 and the leader responsible for the country's alliance with Hitler. Despite their differences, all these parties are known for their Europhobia, extreme nationalism and xenophobia, which in most cases is directed towards Muslims and the Roma people.

The most consolidated parties in this category are making an effort to tone down their radical images with an eye to broadening their voter base. Since she assumed the leadership of the National Front in January 2011, Marine Le Pen has sought to distance the party from the overt anti-Semitism of her father and other controversial aspects of his ideology. In November 2013, she met with PVV leader Geert Wilders to discuss the possibility of forging an alliance between ultranationalist parties in seven Member States. Such a move would pave the way for them to form a like-minded parliamentary group in the EP after the European elections of 2014. The VB, the FPÖ, and the Sweden Democrats have expressed interest, and the Northern League has not ruled out the idea of joining the alliance.

**Table 2** compares votes received in recent national legislative elections by three other par-

**Table 2.** Votes received by populist and Eurosceptic parties in their countries' two most recent parliamentary elections<sup>1</sup>

Country	Party	Previous election			Most recent election			Variation	
		Date	%	Votes	Date	%	Votes	%	Votes
Germany	Alternative for Germany	09/09	–	– <sup>2</sup>	09/13	4.7	2,056,985 <sup>3</sup>	4,7	+2,056,985
Italy	Five Star Movement	04/08	–	– <sup>4</sup>	02/13	25.5	8,689,168	25,5	+8,689,168
United Kingdom	UK Independence Party (UKIP)	05/05	2.2	605,973	05/10	3.1	919,471	+0.9	+313,498
<b>TOTAL</b>				<b>605,973</b>			<b>11,665,624</b>		<b>+11,059,651</b>

Source: author.

<sup>1</sup> Figures for countries with bicameral legislatures always correspond to the lower house.

<sup>2</sup> Alternative for Germany was founded in 2013.

<sup>3</sup> Figures are for second vote for candidates on proportional representation lists.

<sup>4</sup> The Five Star Movement was launched in 2009.



ties that have Eurosceptic, populist or anti-system platforms but cannot be considered to be extreme right wing, the possible exception being UKIP, which, as noted previously, supports anti-immigrant policies not far removed from those of the Conservative Party although its main objective is pulling the United Kingdom out of the EU. UKIP stands a chance of doing well in the upcoming European elections. The other two are new parties born out of the discontent provoked by the crisis, which they blame on European integration. Alternative for Germany, which came close to winning seats.

in the Bundestag in Germany's most recent legislative elections and will probably have representation in the next legislature of the European Parliament, currently focuses on the possibility of Germany abandoning the Euro but attracts the votes of radicals and Europhobes who could influence its platform in the future. The Five Star Movement led by comedian and blogger Beppe Grillo, which received more votes than any other party in its first bid to participate in an Italian general election, is a European case study of how discontent and mistrust of traditional politics can provoke vast numbers of people from all strata of society to embrace a populist party whose only objectives are to bring down the existing system and to abolish the privileges of the political class. Although Grillo describes himself as a Eurosceptic, his specific position on the EU, as on most issues, remains an enigma. Nonetheless, his support for the criminalisation of illegal immigration provides an indication of his views in general. The movement's poor showing in the 2013 May and June municipal elections may auger a fall as dramatic as its rise, but it is clear that Italians have voted for the M5S as a way of venting anger provoked by the effects of policies imposed by the EU during the crisis.

The final group of conservative, Eurosceptic and somewhat nationalistic parties that should be mentioned includes Poland's Law and Justice party and the Czech Civic Democratic Party, which have always been against European integration and have attempted to use political muscle to obstruct progress on that issue, as well as the British Conservative Party, which like the other two is a member of the Alliance of Conservators and Reformists, a political group in the European Parliament. The conservative leader (and the UK's current prime minister) David Cameron has promised to push for a 2017 referendum on the UK's membership in the EU if his party's demands for the curtailing of certain EC's competences are not met. In the last national elections, these three parties received a total of more than 15 million votes cast by citizens whose collective misgivings to the European project suppose an obstacle to the future development of common EU policy.

### **The political impact of populism**

Despite the fact that less than a century has passed since extreme right-wing politics plunged Europe into the Second World War – the greatest human-engineered catastrophe in world history – political parties embracing the same ideologies act freely throughout Europe today while democratic parties and the majority of civil society stand by and do not so much as bat an eyelash in response to their provocations. Two incidents that demonstrate the seemingly absolute immunity they enjoy and the high level of social and legal complacency regarding racism that exists in Europe today are the tasteless and offensive pictorial comparison of the French Minister of Justice, Christiane Taubira, (born in Guyana) to a monkey published by the right-



wing tabloid *Minute* and the insults suffered by the Italian Integration, Minister Cecile Kyenge, (born in the Congo) at the hands of Robert Calderoli, Vice-President of the Italian Senate and militant of the Northern League, who publicly likened her to an orang-utan.

The only reaction has been in Greece, where charges have been brought against members of Golden Dawn, a party that has been responsible for dozens of attacks against defenceless people, the most sensational of which was the slaying of the antifascist rapper Pavlos Fyssas last September. Six of the party's 18 deputies (among them its leader Nikos Mijaloliakos) are currently on trial for this crime and state funding for the party has been frozen. Notwithstanding, opinion polls indicate that it could receive 10% of the Greek vote in the upcoming European elections. Elsewhere, the French Council of State upheld a government ban on performances by anti-Semitic comedian Dieudonné M'bala, the creator of the *quenelle*, a para-fascist salute imitated on social networking sites by admirers that include military personnel and professional athletes.

While it is improbable that far-right parties will win a majority in any European parliament, their increasing strength is testing the health of the democracy in many countries. The demagogic messages of these parties against immigration, the EU and politics in general are gradually taking hold in the minds of people throughout the continent and are even becoming a part of the mindset of large swathes of society that do not vote for them. They also poison the politics of majority parties, especially (but not exclusively) conservative parties fearful of losing votes or eager to use an state of the opinion stirred up by populists as an excuse to implement reactionary policies.

There are many indications that the ideas expressed in the xenophobic and racist discourses

of the far right are gaining ground in Europe. In response to a poll conducted in December 2012 by the French National Consultative Council for Human Rights for its annual report on racism, 54% of the French public – 5% more than the year before – identified themselves as racist to some degree (7% as quite racist, 22% as somewhat racist, and 25% as slightly racist) compared to 44% who denied they were racist – 5% fewer than in 2011. Of greater significance was the support that 65% (+7) expressed for the idea that some forms of behaviour could justify racist reactions, while only 33% (-6) considered that nothing could justify this type of reaction. A full 69% of respondents thought that there were too many immigrants in France (a 10-point rise from the year before and a 22-point leap from the 2009 survey). Although the majority of respondents who professed some degree of racism also identified themselves with the politics of right-wing parties (81% of these voters claimed to be racist), 51% of voters traditionally politically aligned with the left also made that claim, and whereas the index has only risen three points for first group since the previous survey, it has soared 11 points for the second group during the same period.

Conscious of this shift in public opinion, the Socialist Interior Minister Manuel Valls (who many compare to Sarkozy) embarked on a campaign to deport Roma people that he defended with public statements such as 'they are meant to return to [their native countries]'. Although the detention of Italian-born Leonarda Dibrani during a school excursion and the subsequent forced repatriation of her entire family to Kosovo have become symbols of a rigid and heartless national migration policy, these actions have catapulted Valls onto the list of France's most admired politicians. The Eastern European Roma community in

France counts for less than 20,000 of France's total 65 million inhabitants. The presence of the Roma community in France is a non-issue used by the interior minister with the acquiescence of the president as an opportunity to indulge in demagoguery designed to forestall the flight of economically disenfranchised voters to the National Front.

Voting intention polls in the UK pointing to an upsurge in support for UKIP have fuelled a flurry of anti-immigration legislation that includes a law imposing new entry restrictions for foreigners and a pending bill that contemplates both curtailing access to social services to immigrants during their first three months in the country and establishing entry quotas for EU citizens seeking UK residency. Cameron's attempt to impose entry restrictions on Romanians and Bulgarians, who as of January 1 have the right to mobility within the Union, immediately came under fire from the EC. Nonetheless, the fact that the Member State that pushed hardest for the eastward enlargement of the EU and currently supports the entry of Turkey has proposed restricting the mobility of European citizens – a violation of one of the four freedoms that form the nucleus of the *acquis communautaire* – is a troubling sign. The Dutch government and the Christian Social Union of Bavaria, the sister party to the ruling CDU, have both called for restrictions on the free movement of Romanians and Bulgarians, even though the bulk of migration from these countries within the Union is concentrated in Spain and Italy.

This deterioration in the quality of democracy is having the greatest impact on Member States in Eastern and Southern Europe. A wide-ranging 2013 study on democracy carried out by the British think-tank Demos with the support of the Progressive Alliance of Socialists and Democrats in the EP ranks Bulgaria, Romania,

Greece and Hungary as the lowest countries on its "everyday democracy index", which is based on indicators such as the state of a country's democratic health, its citizens' degree of faith in traditional political parties, its control of corruption and organised crime, the fairness and independence of its judicial systems, freedom of the press, human rights, and tolerance of minorities. One country particularly identified as a backslider was Hungary. A resounding victory in Hungary's 2010 legislative elections secured a two-thirds parliamentary majority for the conservative Fidesz party and its Christian Democratic partners, which approved a new constitution and enacted numerous laws that restricted the competences of the Constitutional Court, the independence of the judiciary system and the freedom of the press in ways that stretched – and often violated – democratic principles stipulated for all Member States in EU treaties.

This deterioration of the democratic health of some EU Member States is a very serious issue that merits attention at all levels. The moment may have come for EU institutions to show some concern over the growing, perilous shift away from democracy (for so long totally preoccupied by budgetary and fiscal matters) and become the guarantors of democracy in its Member States. This has only happened once, when the EU imposed sanctions on Austria in the wake of the entrance of the FPÖ into that country's government. More recent infringement proceedings launched by the EC against Hungary in January 2012 have not produced visible results. Article 7 of the Treaty of the European Union provides for the suspension of a Member State's rights, but this is an option of last resort with potentially grave consequences. This points to a need to negotiate agile, resolute procedures for sanctioning violations of the

EU Charter of Fundamental Rights, which became binding for all Member States (except the United Kingdom and Poland) with the entry into force of the Treaty of Lisbon, to strengthen the work of the EU Agency for Fundamental rights,

and to involve the European Court of Justice and the EP whenever it is necessary to guarantee the inviolability of the democratic principles that form the foundation upon which the very existence of the European Union rests.

# The elections in Germany, the Grand Coalition and the impact on Germany's European politics

Ernst Hillebrand

Germany voted on the 22nd of September. The outcome of the election is well known: Angela Merkel's conservative party CDU won a clear victory. However, the results were not sufficient to continue the existing coalition with the liberal FDP party. Consequently, they formed what people call a "grand coalition" with the social-democratic opposition party SPD, who, in turn, had achieved their second worst electoral result in the post-war era.

What can Europe, and especially the countries of the euro-zone, expect from the "Merkel III" government? Two things are useful in answering this question. Firstly, it is important to understand the role that the topic of Europe played in the elections and how this influenced the performance of the two largest political parties. Secondly, it is interesting to review the European policies in the coalition contract which was published in December.

## **The Elections and the Electoral Campaign: Europe in Subtext**

By and large, all the bigger parties avoided the topic of Europe during the electoral campaign. This on its own is quite bizarre as both experts and citizens view the crisis in the single currency zone to be the most likely risk for the country's economic stability and future prospects. None of the parties, not even the particularly Europhile Green party with its well-off, bourgeois supporters, dared to woe voters with happy faces backed by European flags or to promise them "more Europe". Of course, Germany is still a country that welcomes integration. Support of European integration is still high, not only with proprietors and the functional elites but also with the average population. Nonetheless, perspectives have changed and Euro-scepticism is rising, even in Germany. This is particularly true of the electoral base of

the two large parties, CDU and SPD, who receive many votes from the milieu of ordinary workers and employees.

So, although none of the parties explicitly addressed the future of European integration and the costs and risks of saving the euro in the run-up to the election, the question was still of central importance during the campaign. The cautious German attitude to saving the euro and the crisis in the other European states was the real undertone of the campaign, in particular for the ruling CDU. "The tension between relative economic stability in their own country Germany and the instability in parts of Europe was characteristic of the election."<sup>1</sup> In their campaign, the CDU relied on the Chancellor's crisis policy being heavily supported by the population. Angela Merkel was stylised as the representative of successful economic policy and the guardian of German interests in Europe. "The formula for Europe was to dare for "a more German policy", meaning austerity above all."<sup>2</sup> According to the CDU, Germany had made its economy competitive and kept public debt under control because of a successful reform policy. Other countries needed to do the same and, as Chancellor, Angela Merkel would ensure that the failed economic policies and need for reform in the other European countries would not have to be paid for by German taxpayers. This, linked with a fundamental commitment to European integration, was extremely successful in the election campaign.

This compares with the SPD whose election campaign had a stronger distributional focus.

In their view, although Germany is successful, there is a need for reform in all areas and extensive social injustices have to be corrected, especially by introducing a statutory minimum wage. The SPD's European policy was cautious. They also avoided addressing the euro crisis too much during the campaign, because of three reasons. Firstly, every opinion poll showed that Merkel's policy was very popular. A different policy, especially one that led to German taxpayers being forced to take on an even bigger liability for the public debt of Italy, Spain and Greece because of debt mechanisms within the European community, was mentioned in party documents but was not actively addressed in the election. Secondly, party analysis of opinion polls had shown that the topic of European integration is very difficult for the party as SPD voters and supporters are divided almost evenly into strong supporters and sceptics of continued integration. And, thirdly, the SPD had supported each rescue step taken by the CDU/FDP government, without putting substantive demands forward themselves. This made it unfeasible to attack the contents of the rescue plan, or to debate the social imbalance of the troika's policy in any depth. Nonetheless, the party made it clear during the election that, once they came to power, they would be prepared to offer the crisis countries more German "solidarity". Voters, however, were only partially convinced by this stance.

All in all, the "non-topic" of Europe was the real backdrop to the election campaign. The CDU took the stance of the party of economic stability, of the continuation of a successful economic policy and of the keepers of Germany's interests in the EU. The SPD took the stance as the party of social justice, of wealth distribution and of "European solidarity" with the crisis

<sup>1</sup> Christian Kellermann/Benjamin Mikfeld, *Stabilitätspatriotismus vs. soziale Gerechtigkeit*, Neue Gesellschaft/Frankfurter Hefte, Nr. 1-2/2014, p. 68-73, see p. 68.

<sup>2</sup> *Ibid.* p. 69.

countries. The CDU's "patriotic stability" clearly won in the end.

### **Forming the Government and the Coalition Contract**

The topic of Europe played a surprisingly minor role between the CDU and SPD during their negotiations on the coalition contract. There was no negotiation group dedicated to the topic, which was dealt with as a subtopic of the working group on financial and budgetary matters. Neither the CDU nor the SPD wanted to turn the topic into a potential obstacle to the negotiations, as the differences between the parties are of a gradual, rather than a principal nature. Both parties are basically supportive of continued integration and saving the euro at (almost) any price. Tactically, this was a surprisingly rational approach, especially on the part of the SPD. The victory of Merkel's European policy at the ballot box was thus implicitly recognised by the defensive handling of European policy demands, without any explicit analysis of the poll results. During the negotiations, the party leadership concentrated instead on anchoring SPD stances on questions of social and economic policy, such as introducing a minimum wage or reforming pension legislation, in the government programme, those topics being seen as important for future electoral victories.

Therefore, the conservative interpretation of the euro crisis as the result of a failed economic and budgetary policy in the crisis countries was captured in the coalition contract. The causes of the euro crisis were said to "range from an overproportional level of debt in individual European countries to competitive deficits, economic imbalances and structural shortcomings in the economic and monetary union and up to unde-

sirable developments in the capital markets".<sup>3</sup> Demands strongly characterised by shades of the logic of competition are also at the heart of considerations on combating the crisis. "A comprehensive political approach that combines structural reforms for more competitiveness and strict, long-term budgetary consolidation with future investments in growth and employment in a socially balanced way is necessary in order for Europe to find a permanent way out of the crisis" (p. 157).

Germany's possible contribution to overcoming the crisis is purposely kept to the minimum. Germany is "still prepared to provide solidary support, for example in the form of aid loans and technical assistance, to enable the receiving countries to introduce reform policies to recover competitiveness and to decrease unemployment" (p. 158).

The communitarisation of debt (the collective liability of public debt within the EU) is explicitly rejected. "The principle that every member state is responsible for its own liabilities has to be preserved. Any form of collective liability for public debt would endanger the fundamental direction of national policies in every individual member state" (p. 159).

In all, the coalition contract carries the signature of the CDU, but also clearly that of a fiscally conservative wing of the SPD. This logic dictates that it is primarily the crisis countries themselves that have to rebuild their economic competitiveness with structural reforms. Germany's high trade surplus in the EU was scarcely discussed – mere "economic imbalances" were vaguely mentioned at times. According

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<sup>3</sup> Deutschlands Zukunft gestalten, Koalitionsvertrag zwischen CDU, CSU und SPD, 18th legislation period, p. 157, [http://www.spdfraktion.de/sites/default/files/koalitionsvertrag\\_cdu\\_csu\\_spd\\_27\\_11\\_2013.pdf](http://www.spdfraktion.de/sites/default/files/koalitionsvertrag_cdu_csu_spd_27_11_2013.pdf)

to the coalition contract, the causes of these imbalances in the euro-zone are not to be found in the one-sided competition and export orientation of Germany's economic policy, nor in the effect of the euro, whose introduction made the cyclical restoration of the competitiveness of weaker countries through currency depreciation impossible, but rather only in the lack of reform efforts in the crisis countries in the past, something which now needs to be corrected.

### **Policy Packages in the Coalition Contract**

The European policy package in the coalition contract is conservative and in line with the previous policy of the Chancellor. The central element in managing the euro crisis should be "contractually binding reform agreements" between the crisis countries and the Commission. Their objective would be to restore competitiveness and consolidate budgets, but should also be committed to "growth and employment". Phrases like the latter show the influence of the SPD on this part of the coalition contract – references to the social dimension of European policy, the mentioning of full employment and the commitment to not lose sight of growth objectives.

These objectives support two further elements of the coalition agreement. On the one hand, the government declares that higher investments in Europe are necessary "especially in infrastructure, renewable energy, energy efficiency, traffic, trans-European networks, digital media or broadband coverage, education, as well as research and development" (p. 160). However, this should not require additional EU funding, but rather be supported by the European Investment Bank and the Structural Funds in particular. The SPD's handwriting is also

visible in some socially political points, even though these are relatively vague measures in the manner of "open methods of coordination". This would allow the systematic monitoring of social development trends in the EU in the future ("social score board") and the support of initiatives to combat youth unemployment. The aim of politics should be to strengthen basic social rights in the EU. EU plans to privatise public municipal and regional infrastructure are clearly refuted.

In the section on bank union, the government supports the creation of a "functioning bank union, comprising standardised bank supervision, common regulations and a standardised mechanism for bank resolution" (p. 93). However, the responsibility to rescue banks should remain with each nation state until such time as a sufficient safety net is in place. To do this, the nation state can receive funding from the ESM (European Stability Mechanism) – "should a member state not be able to rescue its banks on its own and be subject to a dangerous economic imbalance, then that state may request ESM support under existing procedures" (p. 94).

### **Outlook**

The real European policy of the next four years will be decided by those concrete decisions that need to be taken in the end and is definitely not laid out in the coalition contract. Nonetheless, the contract provides an impression of the fundamental presumptions and considerations that orientate those involved.

In summary, it can be expected that:

- Germany will continue with its policy of export orientation almost unchanged. The words "export surplus" do not appear even

once in the 185 pages of the coalition contract. On the other hand, a mantra about competitiveness and “export strength” runs through the whole text.<sup>4</sup> Germany's economic structure and the continually growing significance of markets outside the EU really rule out any alternative policy. In 1991, over 50% of Germany's exports were to states of today's euro-zone, but by 2012, that number had dropped to 37.5%. Germany under Angela Merkel orientates itself more and more in its fundamental economic policy decisions towards the perspectives and challenges of a global economic power, whose growth markets are clearly beyond the “old world” of Europe. More and more, German elites view Europe with some sort of global eyes. Mrs Merkel often likes to emphasise that Europe, with about 8% of the world's population, 25% of the world's gross national product and 50% of the world's social expenditures, is not very suited to this global world. For practical policies, this signifies that Germany will heavily defend the euro. The euro is the ideal way to expand the position of German companies in European and even in global competition, as it facilitates German exports based on the (for Germany) undervalued currency. However, for companies in the crisis countries, this also signifies that there will be no let-up in competitive pressure from German firms. German politics underestimates or even ignores the arising trade imbalances within the euro-zone and their ensuing problems.

- Secondly, Germany will continue to not take advantage of its role as a potential driver for

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<sup>4</sup> The word “competition” is mentioned 90 times in the coalition contract and the word “competitive ability” is mentioned 33 times.

economic growth in the European Union. Strengthening domestic demand in Germany, which has been severely affected by austerity policies in the past, would be a decisive factor in this. The average population has profited much less from the growth of the last period than in other countries of the EU. In 1993, Germany was in third place among EU countries in relation to its per capita income (adjusted to Purchasing Power Parity) and by 2012 it had dropped back to 7<sup>th</sup> place. Hourly wages in Germany are in 11<sup>th</sup> place today, under the average level of the 27 EU countries.<sup>5</sup> The minimum wage of €8.50, which was pushed through by the SPD, promises to ease this somewhat. Certain improvements in temporary and agency work can expect to improve the income situation of the lower spectrum of the labour market. Model calculations expect the introduction of the minimum wage, which only comes into effect in its entirety at the beginning of 2017, will increase wages in Germany by about 10 billion euro.<sup>6</sup> However, this of course does not ensure that Germany will overcome the lassitude of its domestic demand. The stimulation of the general level of wages by the statutory minimum wage will be relatively weak and could possibly even be neutralised by the immigration of labour. The additional state expenditure planned by the coalition contract adds up to about 23 billion euro over four years,

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<sup>5</sup> Article by Karl Aiginger „Erfolgsmodell Deutschland sollte Ziele überdenken“, in Die Presse on 22nd May 2013, <http://diepresse.com/home/wirtschaft/oekonomien/stimme/1406135/Erfolgsmodell-Deutschland-sollte-Ziele-ueberdenken>, accessed on 3<sup>rd</sup> September 2013.

<sup>6</sup> Article by Sebastian Dullien „Makroökonomische Folgen des Koalitionsvertrags“, in Wirtschaftsdienst, 1/2014, <http://www.wirtschaftsdienst.eu/archiv/jahr/2014/1/3100/>



corresponding to annual additional spending of about 6 billion euro, or 0.2% of GDP.<sup>7</sup> In this case, Germany will not play the part of “consumer of last resort” within the euro-zone, a role it actually deserves to have due to the economic climate and its relative size. This is noticeable in the stagnation of wages and especially in the persistent weakness of public and private investments. In the last ten years, Germany has built up a significant investment backlog. This backlog in investments has a recognisable impact on growth rates. According to calculations of the German Institute of Economic Research (DIW), Germany has built up an investment gap of 3% of GDP since 1999 in comparison to the euro-zone average. *“This corresponds to approximately one billion euro cumulated since 1999...if the investment rate had been around the level of the euro-zone average, the per capita GDP rate would have grown almost 1% per year more than it did”.*<sup>8</sup>

## Conclusion

Merkel’s “patriotic stability” policy will be continued under the new government, although

somewhat modified. The new government’s articulated commitment to a socially oriented policy and legislation at EU level are largely irrelevant in the current crisis situation in any case. Adhering to the euro will automatically lead to massive cutbacks in wages and social benefits by the governments of the crisis countries as part of their national consolidation strategies. The perpetuation of the social crisis in the peripheral countries and their continued, slow de-industrialisation is therefore pre-programmed. Under these circumstances, a certain expansion of German financial support within the EU is not to be avoided. However, stronger institutional integration impulses are not popular with the average German citizen, even though these are being demanded again and again by parts of the economic and functional elites. These could therefore only be implemented under the pressure of a major crisis. Basically, we can only hope that, in the next four years, the Germans, and many other Europeans, are spared the additional pressure of such a crisis.

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<sup>7</sup> Ebda.

<sup>8</sup> DIW Berlin „Investitionen für mehr Wachstum – Eine Zukunftsagenda für Deutschland“, DIW Wochenbericht 26/2013, p. 3.

European citizens



# European citizenship, quality of life and political participation

Carlos Carnero, José Candela

To commemorate the twentieth anniversary of the creation of European Citizenship as part of the Maastricht Treaty,<sup>1</sup> the European Union designated 2013 as the European Year of Citizens. The most direct institutional activity as part of this commemoration was the Citizens' Dialogues programme<sup>2</sup> organised by the European Commission throughout all the EU member states.<sup>3</sup>

Although European institutions have now been in existence for more than half a century, the

concept of European Citizenship did not start to produce legal effects (and hence political effects) until 1993, with the signing of the Maastricht Treaty. Since then, the rights and freedoms of European citizens have been significantly developed in terms of financial and social matters, whereas developments in the political realm have been scarce. Hence, while the European Year of Citizens may have come to an end in 2013, a large part of the substance of European Citizenship is still in its early stages of development.

A recent survey by the European Commission showed that 83% of the population of Europe believes there would be much greater citizen participation in the European elections if more information was provided about the impact the EU has on everyday life. In the run-up to the European elections in May 2014, the information in this respect is thus a response to this widely held perception. Indeed, first and foremost, the EU is at the service of its citizens, and, in line with the Maastricht Treaty, this must be the guiding principle, in theory, of the political life of the EU institutions, bodies and agencies.

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<sup>1</sup> Article 10 of the Treaty on European Union states that "decisions shall be taken as openly and as closely as possible to the citizen". The first proposal to incorporate the notion of European Citizenship into the Treaties appears in a letter written by the President of the Spanish Government, Felipe González, to the president of the European Commission, Jacques Delors, in the context of the preparatory work for drafting the Maastricht Treaty.

<sup>2</sup> [http://ec.europa.eu/european-debate/index\\_en.htm](http://ec.europa.eu/european-debate/index_en.htm)

<sup>3</sup> See: <http://europa.eu/citizens-2013/fr/home>. The idea behind the debate organised by the EU is simple and essentially deliberative in nature: direct dialogues between European Commissioners and citizens will be used to identify the concerns, demands and needs of the latter in any of the areas in which the EU has powers, and to publish them in a Communication from the Commission in 2014.

In practice, however, it is necessary to distinguish between the different objectives of the EU: the first is economic and social (improving the quality of life of its citizens); the second is political (increasing the quantity and quality of the participation of European citizens in the EU's political decision-making process). This chapter begins by providing a brief overview of the steps taken by the EU in 2013 with respect to both objectives, before going on to outline future actions to make progress in these areas.

### The quality of life of European citizens

In 2010, the European Commission published a communication on citizens' rights which included an ambitious action programme that would run until 2020.<sup>4</sup> This programme conforms the political statement of the progress that should be made in the present decade in the area of citizenship by the political actors involved in the various levels of European governance: supranational, state, regional, local and civil society. As such, the statement has become the most important reference point so far for analysing how the EU influences the quality of life of its citizens. The general objective of the programme is to improve the effective application of the fundamental rights of European citizens.<sup>5</sup>

#### **Progress in 2013**

In terms of the effective application of EU rights, the conclusion of the most recent official sum-

maries on the application of the Charter of Fundamental Rights of the European Union<sup>6</sup> show that the issues of concern arising most commonly among European citizens can be grouped into seven areas: obstacles that complicate the everyday life of citizens as workers or students; the protection of citizens' health; administrative obstacles to free movement and establishment in member states; lack of protection for the disabled or 'vulnerable'; obstacles to the everyday life of citizens as consumers; insufficient access among citizens to information about their own fundamental rights, especially at the level of local administrations; and finally, an insufficient degree of political participation in European affairs. The remainder of this chapter provides a summary of the action taken by the EU in each of these seven areas in 2013, together with a brief reflection on future improvements.

#### Suppression of obstacles faced by citizens as workers and students

In 2013, under the EU's annual work programme, progress towards achieving this objective was required to pass through a major legal initiative: the legislative proposal to review the European regulation on the coordination of social security.<sup>7</sup> This regulation fully covers the coordination of social security systems and its ultimate goal is to facilitate the free movement of citizens throughout the EU. This coordination is based on the cooperation of national social security administrations, and the provisions contained in the regulation apply to all the classical branches of social security: illness, maternity,

<sup>4</sup> COM (2010) 603, final: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:0603:FIN:EN:PDF>

<sup>5</sup> A summary of the effective execution of this program is provided on page 26 and onwards of the *EU Citizen's Report 2013*: [http://ec.europa.eu/justice/citizen/files/com\\_2013\\_269\\_en.pdf](http://ec.europa.eu/justice/citizen/files/com_2013_269_en.pdf)

<sup>6</sup> COM (2013) 269, final: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2013:0269:FIN:EN:PDF>

<sup>7</sup> Regulation (EC) No 883/2004

occupational accidents, occupational illnesses, disability benefits, unemployment payments, family benefits, retirement benefits and early retirement, and death grants.

Although it was not possible for this legislative initiative to become effective in 2013, a recent communication announced a series of future actions by the Commission to help member states with the effective application of the EU rules on freedom of movement and of making use of the available funds. In specific terms, the Commission proposes to continue its close collaboration with member states with a view to improving the application of the rules on the coordination of social security by publishing a practical guide providing details of the “criteria for determining the habitual residence” of European citizens.<sup>8</sup>

From the point of view of citizens who are students, in addition to measures to improve freedom of movement and establishment, 2013 was marked by the renewal of the EU’s existing education programmes for the new strategic planning period 2014–2020, including the initiative that has arguably had the greatest influence on the effective recognition of the fundamental right of all European citizens to education. In this respect, the most important decision of the year in terms of European education policy was the approval of the ERASMUS+<sup>9</sup> programme, which took effect on 1 January 2014. The programme will run for seven years and has a budget of €4,700 million, a significant increase of 40% with respect to its previ-

ous incarnation. This underlines the importance the EU places on investment in the education and training of its citizens.

#### Overcoming administrative obstacles to the free movement and establishment of citizens in EU member states

In 2013, the EU had planned to find solutions to overcome the obstacles faced by EU citizens and their family members who live in a different EU country to the country of which they are nationals when it comes to identity documents and residency cards issued by member states. The aim of these EU actions was to establish optional standardised European identity and residence documents that member states could make available to citizens to complement their national documents, if so desired.

In fact, to a certain extent, this objective was met in 2013, given that many EU countries already have the so-called “European residence card”. However, the establishment of a European ID card, a project with a long history, has still not been successful, even among the group of countries that already have national ID cards, a group from which a number of the current EU member states are absent.

In 2013, there were also plans to continue the fight against the problem of double taxation suffered by European citizens involved in cross-border activities on a daily basis (e.g. local taxes, real estate taxes and vehicle registration tax). However, the EU’s target for the year was not particularly ambitious, restricting itself to identifying good practices existing in member states. In 2013, the Commission successfully completed some work to identify these good practices but did not undertake any *ad hoc* legislative initiative in this area.

<sup>8</sup> See: COM (2013) 837 final, 25.11.2013: Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – *Free Movement of EU Citizens and Their Families: Five Actions to Make a Difference*.

<sup>9</sup> See: [http://ec.europa.eu/programmes/erasmus-plus/documents/erasmus-plus-programme-guide\\_en.pdf](http://ec.europa.eu/programmes/erasmus-plus/documents/erasmus-plus-programme-guide_en.pdf)

## The protection of disabled citizens and assistance for vulnerable persons

The current objective of the various European policies that aim to overcome the specific problems faced by disabled citizens (of whom there are currently more than 80 million throughout the EU) is to facilitate the mobility of these Europeans citizens by promoting the creation and establishment of a European Disabled Person's Card from 2014 onwards based on a system of mutual recognition (among member states) that guarantees equal access throughout the EU to certain specific advantages, primarily in the areas of transport, tourism, culture and leisure. In this respect, in 2013, the only progress made by the European Commission was a pilot action to encourage the establishment of the European Disabled Person's Card in member states that have yet to do so.

Apart from the general category of disabled people, the EU also takes responsibility for those classed as "vulnerable" with respect to a growing number of obstacles arising from limitations to guarantees provided by legal systems in member states. In 2013, the EU promoted the protection of the legal rights of these citizens (primarily children and the elderly) to ensure that legal bodies in any type of proceeding (e.g. civil or criminal) take into account the circumstances of vulnerable people in exercising their judicial power. The success, albeit partial, of this EU initiative has culminated in the proposal of a series of legal instruments that aim at consolidating the procedural safeguards for these citizens in criminal proceedings, a proposal presented by the Commission in November 2013.<sup>10</sup>

<sup>10</sup> See: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2013:0822:FIN:FR:PDF>

## Improving the everyday life of European citizens as consumers and users

In 2013, the EU had just one action planned for this objective: the modification of the European procedure for dealing with small claims cases for purchases made in other member states. This change, equivalent to the approval of a modification to the existing specific regulation in the area,<sup>11</sup> was not completed in 2013. However, the European Commission submitted an extensive report<sup>12</sup> to the European Parliament in November 2013 on the application of this regulation, meaning this objective will only be achieved from this 2014 on.

In spite of this, and although still at a pre-legislative stage, the EU has made progress in its action to protect citizens as consumers in an activity that is becoming increasingly frequent in everyday life, namely online purchases. Despite not originally having been planned for 2013, the European Commission has almost completed a model web page, the inclusion of which will be mandatory, following its establishment, on all websites in EU member states containing mechanisms for online sales. The template will contain a wide range of information on the products on sale to make it easy for consumers to compare the features and prices of products on different commercial websites.

Apart from this action in terms of the rights of citizens as users, which was mentioned in the *EU Citizenship Report 2013*,<sup>13</sup> two other EU actions with a direct impact on the everyday lives of citizens, affecting two specific areas, namely

<sup>11</sup> Regulation (EC) No 861/2007, of the European Parliament and of the Council.

<sup>12</sup> See: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2013:0795:FIN:EN:PDF>

<sup>13</sup> See: [http://ec.europa.eu/justice/citizen/files/com\\_2013\\_269\\_en.pdf](http://ec.europa.eu/justice/citizen/files/com_2013_269_en.pdf)

transport and telecommunications, should also be mentioned.

In terms of transport, an awareness-raising campaign, launched by the European Commission in the second half of 2013, included specific measures for passengers with disabilities or reduced mobility. In March 2013, the Commission adopted Directive 2013/9/EU, which explicitly adds essential accessibility requirements for the rail network for passengers with disabilities or reduced mobility. Another EU contribution has been the current process to standardise the accessibility of buildings. In 2013, the Commission undertook a study that describes the fragmented situation across the EU and gives an overview of more than 250 different, nation-wide regulations, standards and directives, committing itself to make progress towards the design of a European standard.

Furthermore, in an attempt to increase citizens' awareness of their rights as users of modes of transport, an intensive information programme, piloted by the European Commission, was launched in 2013 and will run until 2015. Additionally, on 13 March 2013, the Commission proposed a review of the rights of air passengers, aiming at reinforcing their application by clarifying the applicable legal texts and making the mechanisms for processing claims in EU member states simpler and more efficient.<sup>14</sup>

In terms of telecommunications, in 2013, the EU made a major contribution to the protec-

tion of citizens as users of telecommunications networks. Thanks to its intervention in an area that has, in recent years, been so susceptible to abuse by telecommunications companies when it comes to mobile tariffs, and thanks above all to the intensive activity of the European Commission in this area, the full abolition of roaming charges throughout the EU is closer than ever in the history of the EU's fight against the abuses of companies and its defence of citizens.<sup>15</sup>

#### Protecting citizens' health

As was the case with other EU strategies, 2013 was the final year for the application of the *European Health Strategy*. Progress made in this area during the course of the year focused on two areas of action: improving health conditions in the working environment and improving general health prevention systems. In the first of these areas (health conditions in the working environment) the rights of European citizens have been protected for long by advanced European legislation with a strong and mandatory impact on legislation in individual member states. Thus, in 2013, the EU was not required to make substantial reforms to this legislation. However, the second area has been an object of profound rethinking to ensure that preventive medicine, as regulated through European standards, continues to lead the world in this sector. Effective from 2014, the new *Multi-Annual Programme of Action for Health (2014–2020)*,<sup>16</sup> establishes four objectives: undertake the necessary reforms to achieve innovative and sustainable health sys-

<sup>14</sup> In addition to these specific measures adopted by the EU in 2013, the European Commission, specifically its Directorate General for Transport, continued to defend and promote the rights of citizens as users of transport services (public or private) as well as to improve the mobility of European citizens in all modes of transport (road, rail, maritime, air and urban mobility) via particularly intense regulatory activity. See: [http://ec.europa.eu/transport/themes/passengers/index\\_en.htm](http://ec.europa.eu/transport/themes/passengers/index_en.htm)

<sup>15</sup> See: <http://ec.europa.eu/digital-agenda/en/roaming>

<sup>16</sup> See: [http://europa.eu/legislation\\_summaries/public\\_health/european\\_health\\_strategy/sp0017\\_en.htm](http://europa.eu/legislation_summaries/public_health/european_health_strategy/sp0017_en.htm)



tems; improve access to better and safer health care for citizens; promote good health of European citizens and prevent diseases; and protect European citizens from serious cross-border health threats.

Improving citizens' access to information about their fundamental rights, especially at local administration level

Perhaps the most fundamental action – and arguably the one with the highest added value – of those proposed by the EU for 2013 when it comes to fully exercising the right to free circulation among European citizens, is improving the quality and quantity of information provided by local administrations regarding their rights as European citizens. It is a fact that citizens' first contact with the government of a Member State they visit is at the local level. At this level, information regarding the benefits citizens are entitled to for a large part of their everyday needs is still poor or non-existent throughout many EU member states. This fact is understandable, given that, as the European Commission has verified, and controlling for the differences in the various levels of information that citizens have in terms of their rights and freedoms as European citizens, the deficiencies in information regarding what it means to be a European citizen and what this provides in terms of improving citizens' everyday lives at the level of local administrations, save for a few exceptions, is a major obstacle that faces considerable challenges.

The contribution made by the European Union to solving this problem in 2013 constituted a modest start to the enormous work member states must undertake on a large scale both willingly and selfishly. In 2013, this EU contribution culminated in two measures. First, the creation of an online training instrument for lo-

cal administrations themselves which, in the majority of cases, need to improve their knowledge of the rights and freedoms entailed by the possession of the European Citizenship (in terms of the relationship between citizens and local administrations in EU member states) as well as of the procedures established for exercising these rights and freedoms. Second, the promotion, through the EU *Town Twinning* programme,<sup>17</sup> of the exchange of good practices between councils, together with projects that aim at improving the local administration's knowledge of the rights of European citizens and facilitate exercising them.

Progress on these two measures in 2013 was only partially satisfactory, since the website planned for local administrations was postponed until 2014. However, the town twinning programme was launched and will be extended to run in 2014.

### ***Future perspectives***

It is hard to predict the future of the concept of European Citizenship, a line of action that, in principle, should cut across European policies as a whole, either at legislative level or the level of executive action taken by the EU. The new legislature of the European Parliament, from the end of May 2014, and the new European Commission, from November 2014, must at some point make clear if they are in favour of giving the concept the importance conferred on it by the treaties.

It must be recalled that many European policies, as we have seen in the summary in this

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<sup>17</sup> See: [http://eacea.ec.europa.eu/citizenship/programme/action1\\_measure1\\_en.php](http://eacea.ec.europa.eu/citizenship/programme/action1_measure1_en.php)

chapter, have had on many occasions a positive influence on the quality of life of European citizens, countering national policies that seek to implement cuts. Two significant examples should be mentioned: the considerable increase in investment in education and research in the EU budget for 2014–2020 in the face of aggressive cuts at the national level in these basic sectors, and the creation of the *European Youth Guarantee*, an immediate guarantee (that must be met no more than four months after completion of studies or becoming unemployed) of a job or training for young European citizens that are not, as a result of the economic crisis, in employment, education or professional training<sup>18</sup>). Both examples, together with many others that could be provided, form part of the general category of what is referred by the European Commission to as “European social investment”. This investment – as opposed to mere expenditure – is set to remain in place for at least the new financial period for the EU (2014–2020), since the budget decisions for this period have already been taken in 2013 by the European legislator (Parliament and Council).

The year 2013 marked the consolidation of the concept of European Citizenship in the heart of the European Commission under the mandate of one of its Vice-Presidents. The fact that European Citizenship has become a competency of a member of the Commission is in its own right positive. However, there is a risk that

the new Commission will not give this concept of citizenship the political priority it deserves, and as such, it will lose its status as a specific competency or portfolio of one of the Commissioners. There is also the risk, which is even more important, that the citizen dimension of EU policies (from guaranteeing free movement, for example, through to the removal of roaming charges) will be given a lower profile in favour of other dimensions or interests.

Whether the dimension of citizenship is given the prominence it requires in EU policy as a whole will depend on the parliamentary majority and the political and ideological orientation of the new European Commission, to be appointed after the European elections on 25 May 2014.

### **European citizens in the political life of the EU**

European Citizenship involves a right to participate in the European political decision-making process. This is the ultimate goal to be achieved through the political modernisation process that begins with the statements set out in the first article of the Treaty on European Union (“decisions are taken as openly as possible and as closely as possible to the citizen”), notwithstanding that this statement is formally limited to the application of the principle of subsidiarity.

This principle has inspired European politics since 1993, beginning with the Maastricht Treaty, the official birth of the European Citizenship in the EU treaties, from which the development of this substantial part of the European democratic system stems. In 2007, the Treaty of Lisbon added the second part of this development, introducing the concept of participatory democracy to the EU. From then on, not only have

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<sup>18</sup> Both examples, budget investment in education and research, and the European Youth Guarantee, are EU initiatives undertaken in 2013, whose effects will be felt over the coming years. On education, see: [http://ec.europa.eu/education/funding-search\\_en.htm#\\_themes=any](http://ec.europa.eu/education/funding-search_en.htm#_themes=any)  
On research, see: [http://cordis.europa.eu/eu-funding-guide/home\\_en.html](http://cordis.europa.eu/eu-funding-guide/home_en.html)  
On the European Youth Guarantee, see: <http://ec.europa.eu/social/main.jsp?catId=1079&langId=en>

decisions been required to be taken as closely as possible to European citizens – in line with the Maastricht Treaty – but have also been these citizens able to play a formative role in the legislative decisions of the EU.<sup>19</sup> This is what is known as the European Citizens' Initiative and the progress made in 2013 with respect to this initiative is considered below.

Going beyond the letter of the law, however, 2013 saw preparations for what may represent (albeit still indirectly), the most significant participation of European citizens in the political life of the EU in their capacity as voters in the European Parliament elections on 25 May 2014: for the first time in EU history, the new President of the European Commission will be appointed directly by a European Parliament elected by the citizens

### **Progress in 2013: the European Citizens' Initiative**

The year 2013 marked the second year in the operation of the citizenship initiative established in the Treaty of Lisbon in emulation of the right to petition that exists in many EU member states. The Citizens' Initiative consists of giving one million European citizens (from at least seven of the 28 EU member states) the opportunity to suggest a legislative initiative for the EU on an issue of their choice. The only proviso is that, after the initiative has been submitted, the European Commission is to establish whether the EU has the powers to legislate in the area along the lines proposed by the citizens, in which case it is presented to the European

<sup>19</sup> See article 11.4 of the Treaty on European Union. For more information on the citizenship initiative, see: [http://www.europarl.europa.eu/ftu/pdf/en/FTU\\_2.1.5.pdf](http://www.europarl.europa.eu/ftu/pdf/en/FTU_2.1.5.pdf)

Parliament and the Council of the European Union.

As of December 2013, in its first two years of operation, this democratic mechanism had received 23 initiatives of this type, although the effectiveness of this new instrument for participatory democracy has been limited. Indeed, it has been possible to present only one of the 23 initiatives to the Commission (occurring in 2012), and it has taken two years to respond.<sup>20</sup> Notwithstanding, on 31 December 2013, a further eight initiatives remained open with the possibility of being presented to the Commission.<sup>21</sup>

### **Future perspectives for the European Citizens' Initiative**

The European Citizens' Initiative is a new and powerful tool that allows European citizens to make their voices heard. The initial mechanism for its exercise is simple: citizens who want to present an initiative can use a computer program designed by the European Commission with the help of the Interoperability Solutions for European Public Administrations (ISA) programme to collect the required signatures online. Yet the regulation that governs the initiative<sup>22</sup> is in need of reform, above all to avoid the procedure taking so long and to prevent the EU executive power or government from being able to continuously impede the progress of a citizen initiative.

<sup>20</sup> See: <http://ec.europa.eu/citizens-initiative/public/initiatives/finalised/details/2012/000003>

<sup>21</sup> The list of the eight initiatives can be found at: <http://ec.europa.eu/citizens-initiative/public/initiatives/ongoing>

<sup>22</sup> Regulation (EU) No 211/2011 of the European Parliament and of the Council: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:065:0001:0022:EN:PDF>

One possible alternative to the current mode of operation (Citizens à European Commission à European Parliament) would be the direct route (Citizens à Parliament), thus adding the legislative initiative to the classic right to petition. Strictly speaking, however, this would create a clear conflict with the exclusivity of the European Commission in the area of legislative initiative, meaning that treaty changes may be required to allow the initiative to function in this way.

### **Critical summary and five proposals for progress in the area of European citizenship for the period 2014–2020**

The analysis of EU action to improve the quality of life of citizens summarised in this chapter suggests at least some positive change in the application – regardless of the success of the related policies – of a citizens’ agenda, which has largely taken place during the period of the current Barroso II Commission. However, as evidenced in the latest European polls (particularly the most recent Eurobarometer published in December 2013), European citizens in a large majority of EU countries show a growing sense of dissatisfaction with the EU. In the case of Spain, a country that has traditionally been pro-European, this dissatisfaction has been growing in recent years. For this reason, reflections on

the citizenship policy of the European Union must inevitably conclude that, despite the minor actions described here and designed to improve the quality of life of citizens, this growing sense of dissatisfaction with the EU among European citizens, is – in addition to the damaging effects of the current economic crisis and its impact, primarily, on the economic governance of the EU – perhaps also due to insufficient progressive political willpower from national leaders and European institutions as a whole to seriously engage with the implications of the relatively new concept of European Citizenship. This concept forms part of the EU’s Primary Legislation and, as this chapter has made clear, must make its presence more strongly and widely felt and result in political effects not only on the portfolio of one of the relatively unimportant Vice-Presidents of the Commission, but across the full range of EU powers.

We live in a time in which the exhaustion of representative democracies is becoming clear and that is accompanied by the rise of acts of self-empowerment among civil society, from citizens, appearing on a daily basis. EU politics is then faced with the challenge of reinvigorating its democratic governance through a reflection that is still not given the importance it deserves: what will be the basis and what mechanisms must be implemented to be able to speak of a true participatory democracy, or, better put, a democracy of European citizens?



# It was European public opinion that saved Europe

Xavier Vidal-Folch

## Changes in the European Union

'Information is a decisive, perhaps the most decisive, factor in European unification'. This statement appeared in the prologue of the 1984 Green Book intended to lay the bases for a common market for broadcasting – a new concept of 'television without frontiers'. These words ring as true today as they did thirty years ago, even if circumstances and trends in European information and communications have changed substantially since that time.

What has perhaps changed the most over these three decades has been the European Union itself. Thirty years ago, none of the frameworks and programmes created by EU policies that have since had a profound and enduring affect on the daily lives of European citizens existed, among them the European-wide Erasmus student exchange programme, the Schengen Area within which European citizens may circulate freely without need of a passport, the internal market that has removed all but the last barriers to a common market, and a single currency that has eliminated problematic variations in exchange rates and transaction costs and given an unprecedented level of transparency to the new, borderless market.

More recently, the financial crisis that began in the fall of 2008 has led to a greater weight

and presence of the EU both in the national agendas of its Member States and in public opinion regarding socioeconomic issues. This presence of the Union in national affairs has increased exponentially since the 2010 Greece financial bailout, with the effect that EU issues, policies and public personalities have become more familiar to Europeans at the local level while local affairs have taken on a higher profile at the European level.

The strategies of individual governments, their vulnerability to market pressures and the burgeoning volume of figures and results that must be considered have had a strong impact on all Member States. Any setback in government attempts to consolidate public finances, negative rating issued by a credit agency or signal of political instability in one peripheral country sends shock waves that affect the affairs of others that are also in a vulnerable position. It is probable that the current crisis has done more to create an authentic European public opinion than many of the Union's grandest achievements.

## A European mass media?

Until now, it has been impossible to assert the existence of a distinctly European opinion paral-

lel to the national public opinions expressed by the citizens of individual Member States, an issue that has traditionally been examined in tandem with the question of whether there exists what could be considered a 'European' media or at least media outlets that seek to serve transnational audiences. Communications expert François Heinderyckx defined transnational media as those that 'explicitly and deliberately' seek to broadcast news and opinion 'to audiences dispersed throughout a geographic area that transcends national frontiers'.<sup>1</sup>

However, transnational media in Europe is still more an aspiration than a reality, given that 'the legitimacy of national media systems and the positive reception of their perspectives on the news on the part of the national audiences each of these media systems serve are both well consolidated'. Modifying these national frameworks substantially to provide conventional media coverage on a European scale would require overcoming an almost endless series of intangible linguistic, cultural and historic barriers. Some partial success has been made in overcoming linguistic barriers in audiovisual media. Cultural barriers are more difficult to approach because the very meaning of concepts such as federalism, subsidiarity, as well as the dichotomy between responsibility and guilt that has been in evidence since the outbreak of the 2008 economic crisis varies from one part of the Union to another. As for the barrier of history, the dearth of initiatives designed to develop common standards or guidelines for writing what would be works of history from a European perspective and the scant heed that has been taken of the little work that has been done in this area are both very telling.

Therefore, according to the theories of Heinderyckx, any transnational focus would

more likely come 'through a complementary approach rather than substitution'. The numerous initiatives undertaken by conventional media organisations to provide Pan-European media coverage have ranged from content sharing agreements among European newspapers and the production of collaborative supplements (Europa) to news aggregators (Presseurop), transnational television broadcasting networks (Arte) and new publications geared towards adding European news and opinion to their mix of national and regional content (*The European*).

In any case, the whirlwind of supranational initiatives has gained velocity over the past few years with the emergence of online social networks. For example, a Facebook page launched by the European Parliament has attracted up to 650,000 followers, most of whom are young people, university students and others interested in debates that take into account more than national perspectives. Established newspapers and news networks – not to mention the entire gamut of media that flourish in the gap between them and journalists, citizens, average users and bloggers – are organically creating a new and different common space for communication.

At present, the use of this space is very dynamic. Its peaks coincide with the periodic intensification of activities carried out by new and established citizen movements, the latter of which have received a new impetus from the new technologies and digital formats. European and international protests against the war in Iraq, the 'indignados' movement born in Spain, mobilisations against radical austerity measures, as well as revelations regarding the CIA's secret flights, periodic 'Wikileaks' and information about US espionage practices made public by Edward Snowden are some of the most memorable examples of peak activity periods in Web-based communication. However, the 'off-peak' hours of this space are equally notable. Developing a European public opinion that had the same scale and depth as existing modes of pub-

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<sup>1</sup> François Heinderyckx. *L'Europe des medias*. University of Brussels; 1998.

lic opinion rooted in national identities – if at all possible – would be very difficult to achieve.

The situations noted above, which are evidence of the emergence of issue-based media conversations on a European scale, are both a stimulus to and a consequence of the creation of spaces for political debate. Interestingly enough, the process occurring today may be a modern version of earlier processes through which public opinion was forged at national levels in Europe over the past few centuries. The rising groundswell of specifically European ‘hot media topics’ can be viewed as a stimulus in the sense that the indignation expressed echoes the spirit of the *cahiers de doléances* (lists of grievances) that were drawn up on the eve of the French Revolution more than two hundred years ago, which, as a nascent form of political journalism, provided a vehicle for the crystallisation of public opinion that would eventually weaken the Old Regime and help foster the propagation of incipient democratic values. On the other hand, the present upsurge in media debates over what are essentially European issues can also be seen as a consequence, for mature and consolidated democratic systems all measure their democratic performance by the proliferation, freedom and influence of their media (freedom of expression and the right to accurate and truthful information being two of the essential pillars of modern democracy). In sum, these trends may indicate that we are witnessing the formation of a rudimentary European media system.

### **Traditional media, Europe and globalisation**

Traditional media are facing a triple crisis, the first of an economic nature caused by a constriction in consumer spending that has largely been a result of a reduction in per capita incomes and a corresponding fall in advertising revenues attributable to the recent double-dip recession. The

second is a structural financial crisis brought on by rising costs that range from machinery and paper to distribution and human resources expenses. The third, which is infinitely more complex than the other two and more difficult to define, is related to traditional media’s position in a world in which the concepts of time and space have radically changed and its conventional role in democratic states as a unique and indispensable mechanism for the articulation of public opinion. How well the media have historically articulated public opinion is a matter beyond the scope of this article, but it is undeniable that traditional media have long been fulcrums of public participation in political processes, factors to take into account in national decision-making and counterweights to and mediators between contending forces in the political arena. Nonetheless, their central position in democratic systems is now being boldly challenged.

The processes of European construction and globalisation have reduced the spatial sovereignty long enjoyed by nation states (at least in Europe) to almost negligible dimensions, just at the moment when advanced digital technologies are breaking through the frontiers that have traditionally separated national public opinions. As American sociologist Daniel Bell observed several decades ago, ‘The nation state is becoming too small for the big problems of life and too big for the small problems of life’, an idea driven home much earlier by Salvador de Madariaga, who asserted in 1948 that no European nation could survive on its own resources and that the Union represented the only alternative to the slow but steady decline of the nation state.

The European Union has done much to lay the groundwork for the growth of a fledgling European opinion. To engage civil society, it has launched a series of systems, programmes and initiatives of immediate interest to average citizens such as i) the Erasmus programme, which was initially resisted at the national level but has created a strong, Pan-European community of



young scholars; ii) the implementation of the Schengen Agreements provided for in the European Treaties, which have practically done away with the need for national passports by establishing free circulation within the Union; and iii) the previously mentioned progress towards economic union, which during the ongoing crisis has concentrated the attention of citizens in all Member State on issues of common importance.

There have been other interesting outcomes of the parallel processes of Europeanization and globalisation worth mentioning. Since the G-20 sprang from its lethargy in response to the devastating news of the collapse of Wall Street at a meeting prompted by calls from European leaders, the world agenda has come ever closer to aligning with (or at least being influenced by) the European agenda. The Union has likewise served as a model by providing leadership and being the first out of the gate with concrete responses to world problems, some examples being its stand on the taxation of financial transactions, its efforts to combat poverty and its climate change strategy – even though the political will expressed at the first three G-20 summits by both European and non-European powers to deal with these issues has since flagged somewhat.

This trend is not at all surprising. It is becoming increasingly clear that nation states are overwhelmed by the march of events, which has rendered them obsolete in comparison to joint governance initiatives such as the European Union that are focused on common goals. None of the Union's twenty-eight Member States, however powerful and prosperous, has the wherewithal to singlehandedly deal with enormous challenges facing the world today related to organised crime, drug trafficking, migration management, the need for peace-enforcement and peacekeeping missions, monetary stabilisation or economic growth, and even if a few did, taking lone wolf approaches to these and similar issues would be as incongruent with their

own domestic diversity as it was with their natural affinity for European multilateralism.

Long gone is the time when a solely European response was sufficient to solve European problems. In the past, the Union's response to internal food security and rural depopulation concerns was to create a common European agriculture policy. When affronted by monopolies and large corporations that abused their dominant position in the marketplace, the Union developed a competition policy. To remedy the social and territorial inequities that were threatening the possibility of achieving the minimum socioeconomic standards required to forge a sustainable social model, the EU established a cohesion policy.

While the internal policies of the EU will continue to have an importance of their own, they are no longer the sole determinants of the European socio-political and economic space and no longer enjoy an undisputed hegemony over social development or political innovation. There is abundant evidence of the ways in which EU policies, whether internal or external, are influencing and are increasingly influenced by the current state of world affairs: EU agricultural protectionism is increasingly being challenged in world forums, European sanctions against monopolistic practices within the Common Market are having a greater impact on multinational corporations based in third countries such as the United States, and inequality, which has become the new hallmark of states emerging from their status as developing countries through new forms of capitalism, is clearly on the rise.

It is also certain that these trends – the definitive decline of nation states under crushing burdens now beyond their individual competences as well as the expansion of European policymaking to include global issues – are reaching their natural limits. Although some states still rise impressively to the occasion during foreign affairs crises or in common defence, few or none of them – including those that are considered to be Europe's nuclear powers – has

the capability to undertake or implement a major regional or global military operation alone without the collaboration of its partners, as was made patently clear during the recent military intervention in Libya and, to much the same extent, during military operations in Mali. While the spiritual reserves of individual nationalisms may still give rise to occasional impassioned outbursts of patriotism, there is no tradition or historical precedent for laying down one's life for Europe. Widespread social malaise has occasionally awakened long-dormant cultural undercurrents of religious fervour or nationalist aspirations that in some cases have led to political upheaval and the collapse and dismemberment of states such as the Federal Republic of Yugoslavia and the Soviet Union that had been anachronistically configured around the remnants of nineteenth-century European empires.

### The shift from analogue to digital

All of these factors explain why the creation of an authentically European press is so difficult. It must be kept in mind that the long-term function of journalism is to construct a shared worldview (its short-term mission being to inform, explain and interpret). In this sense, the articulation of public opinion is nothing other than the expression of a shared vision that has percolated up from within a society and its circumstances, no small achievement if we consider the conflicting allegiances that exist in the minds of European citizens. The present predicament, in which nation-based worldviews are languishing in the throes of death and a more comprehensive shared vision is struggling to be born, is a classic example of how a crisis works itself out.

Public opinion is undergoing a crisis similar to that which is challenging nation states. If national public opinions are not what they once were, it may be much for the best, for they have

historically been catalysts for supposedly national interests that were, in fact, no more than the veiled interests of a small elite and have often fanned the flames of national egotisms. However, an authentic European opinion has yet to gel, if, indeed, it could be in offing at some point in the far future. There is a reason for this. Looking at Europe from a structural viewpoint, one sees that although we have built a continental economic and political framework, the scope of European media is still local or national. Furthermore, in contrast to the press's original liberalizing and pro-democratic role in society, many of Europe's newspapers are the last redoubts of still potent nationalisms: quick to distort issues to prop up weak lines of reasoning and resuscitate historical grudge matches in the name of journalism. This is as true of a number of newspapers published in the South of Europe as it is of British tabloids and the sensationalist German press.

To complicate matters, the new technologies, digital media and the online interactions they have generated have radically transformed communication. As I have pointed out elsewhere 'never before have people scattered over distant points of the globe been able to communicate with each other so quickly'.<sup>2</sup> In the wake of digitisation, the paradigms of analogue journalism are being transformed quite literally at the speed of light. For example:

- Consumers are increasingly becoming producers of information, claiming a place in the sphere of communications and even emerging as media actors by their own right;
- *Hyperlinks* are becoming as important as standard traditional content;
- Whereas the media once served aggregated mass audiences, the communications land-

<sup>2</sup> Xavier Vidal-Folch. "Autores y usuarios en la era digital". In: Serge Champeau y Daniel Innenarity (eds.). *Internet y el futuro de la democracia*. Barcelona: Paidós; 2012.

scape is now being fractured into a diverse constellation of specialised media platforms geared towards individuals, communities and custom users.

- If the novelty of the media, formats and actors brought to the fore by the digital revolution initially fostered creativity, spontaneity and experimentation, online journalism has since matured and is now governed by a firmer set of journalistic criteria that places a higher emphasis on selectivity and the hierarchization of content. As a result, news organisations have recuperated their former standards of quality.

Nevertheless, it is important to remember that the media themselves are not the only factor in the formation of public opinion; European policy can also contribute substantially to the progressive development of a European *demos* through programmes and agreements such as Erasmus and Schengen.

### **Crisis, austerity, decline and overhaul**

Europe-wide opinion polls conducted over the past five years have all noted a growing feeling of disenchantment towards European construction, even in countries such as Spain where citizens have traditionally expressed strong support for the Union.

The reasons for this negativism are mainly economic in nature and stem from the pessimism bred by the Great Recession, the unemployment it has provoked and the implementation of economic policies throughout Europe that bear the unmistakable stamp of German ordoliberalism. On the one hand, citizens of vulnerable and overly indebted peripheral Member States perceive the unremitting and inflexible austerity measures imposed on them not as viable solutions to their problems but rather as vectors of transmission that have broadened and deepened the crisis. As a result, they frequently

accuse Northern European countries as having egoistically turned their backs on the catastrophic circumstances in which their southern neighbours currently find themselves. On the other hand, an increasing number of citizens in Northern states are making no bones about their claims that Mediterranean countries have spectacularly wasted the opportunities that the introduction of the Euro supposed (low interest rates, credit and financing facilities, liquidity and monetary stability) and complain bitterly about the money that is flowing from their pockets to pay for spending programmes and rescue packages needed to restore the health of public (and private) finances in the South.

If what gave rise to this situation is debateable, the negative social consequences it has provoked are not. The swift and inequitable adjustment measures imposed, which have often been based on unrealistically optimistic hypotheses regarding the true scope of financial assistance needed in order to make the initial idea of financial aid more digestible to the public and parliaments of net contributing countries, have come with an unacceptably high social price tag.

However, simultaneous to this deterioration, there have been positive moves to recast frameworks for the EU's economic and monetary policies that include the creation of new measures and procedures to ensure that Europe need never face similar situations in the future. These innovations are not purely cosmetic in nature; substantial progress has been made along the lines suggested by University of California, Berkeley Professor Barry Eichengreen, who has asserted that 'To avoid similar crises in the future, Europe will have to build out the institutions of its monetary union'.<sup>3</sup> This imperative was also underscored in detail in a 2010 report presented

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<sup>3</sup> VV. AA. "Drawing a line under Europe's crisis". In: *Completing the eurozone rescue: what more needs to be done*. London: VoxEU.org/CEPR; 2010.

by an EU 'group of wise men' chaired by Felipe González.<sup>4</sup>

Mechanisms, institutions and sector policies now in place can be broken down into several fiscal and budgetary building blocks: the reformulation of the Stability and Growth Pact and the European Financial Pact (known respectively as the 'six-pack' and the 'two-pack'); the monitoring of national economic policy, which for the first time goes beyond the rigorous control of national budgets (procedures for the control of macroeconomic imbalances); new and innovative competences granted to the ECB (liquidity barometers and the purchase of public debt); temporary and permanent rescue funds; the European Growth and Employment Pact; a comprehensive new financial regulation; and the basic framework needed to support a future banking union.<sup>5</sup>

The discourse in opposition to this institutional overhaul was fuelled by academics, social unrest, populist backlash in the form of xenophobia and the nationalist animosity of a significant number of media organisations. National chauvinism was put on full display, with both government spokespeople and political ideologists jumping on the opposition bandwagon.

The media provide a vehicle for different societies to get to know one another: ignorance of the other inevitably engenders rivalries. Recent history has once again demonstrated how easy it is to take contrarian positions and propagate false stereotypes that create barriers to mutual understanding. Instead of providing constructive commentary, the media have served up caricatures of dishonest Greeks, rigid

and egotistical Germans and unproductive Spaniards taking long 'siestas'.<sup>6</sup>

Over the past five years there have been frequent instances in which politicians have played up to the media by making off-the-cuff lowest common-denominator remarks at press conferences. A classic example is Chancellor Merkel's recourse to Mediterranean stereotypes during a visit to the Rhineland on May 11, 2011,<sup>7</sup> where she loftily declared, 'We cannot be part of a monetary union in which the citizens of some countries enjoy long holidays and the citizens of others do not'. The truth is that the average German worker has the right to between 25 and 30 days of paid holiday compared to the 22 days enjoyed by average Spanish and Portuguese workers. The number of hours Europeans work per week (another supposed bone of contention) stands at 38.4 hours for Spaniards, 38 for Italians 37.7 for Germans and 32.8 for Finns.<sup>8</sup> The *Sddeutsche Zeitung* rightfully took Chancellor Merkel to task for her remarks, referring to it as 'an excursion into populism'. However, her words seemed to strike the right note for the *Bild Zeitung*, the headline of whose now-notorious March 4, 2010 issue read 'Sell your islands you bankrupt Greeks – and your Parthenon too'. The battle has by no means been one-sided. On August 17, 2011, the British *Daily Mail* predicted an imminent German economic takeover with the warning 'Welcome to the Fourth Reich' and Greek protesters greeted a visiting Angela Merkel with posters bearing caricatures of the chancellor sporting a Hitleresque moustache and statements comparing her policies to atrocities committed during the Second World War, a reception that prompted *Bild* to respond on October 11, 2012

<sup>4</sup> For a synthesis see Felipe González. *Mi idea de Europa*. Barcelona: RBA; 2010.

<sup>5</sup> As stated in *Towards a Genuine Economic and Monetary Union* (EUCO 120/12) presented by President of the European Council Herman Van Rompuy at the Council meeting of 26 June 2012.

<sup>6</sup> Observations made during the Sanssouci Colloquium held in Potsdam, Germany on 5 September 2013 under the title 'Are the Media Destroying Europe?'

<sup>7</sup> Reported in *El País*, 19 May 2011.

<sup>8</sup> Eurofound, *El País*, 25 January 2012.

with banner headlines that read 'Germany doesn't deserve that!'

All involved seemed to forget the lesson (applicable to Greeks and Germans alike) that British economist John Maynard Keynes drew from the outcome of economic sanctions imposed on Germany through the Treaty of Versailles at the conclusion of the First World War: 'The policy of reducing Germany to servitude for a generation, of degrading the lives of millions of human beings, and of depriving a whole nation of happiness should be abhorrent and detestable, - abhorrent and detestable, even if it were possible, even if it enriched ourselves, even if it did not sow the decay of the whole civilized life of Europe'.<sup>9</sup>

### **The will of the European people saved the Euro**

The general decline in popular enthusiasm for Europeanism is more than a qualitative ripple in the continental *zeitgeist*. It is also a phenomenon quantitatively measureable by means of public opinion polls. If one compares the results of polls conducted over the last six years (from the eve of the crisis to the end of 2013), the downward spiral becomes unavoidably clear.<sup>10</sup>

All of these surveys reveal the main cause of citizen malaise and dissatisfaction to be the crisis and its negative socioeconomic impact. Unemployment is the number one concern of Europeans in general, although levels of preoccupation about this problem are sharply higher in vulnerable countries such as Spain (94%), Italy (97%)

and Greece (99%). Public perception that Europe has sunk into a socio-economic quagmire has fuelled a sense of despondency throughout the continent, which as the following statistics confirm, has grown exponentially since the outset of the crisis. In 2007, 65% of Spaniards felt positive about their country's economic situation, a figure that plunged to 4% by 2013. There has been a decline in positive sentiment on this issue in other countries as well, including the UK (where it fell from 69% to 15%), Italy (from 25% to 3%) and France (from 30% to 9%). The only EU country in which the number of people claiming to be optimistic about their country's economy has grown during this period has been Germany, where the percentage has risen from 63% to 75%.

As this Europe-wide despondency has grown, support for economic integration has waned, dropping from 34% in 2012 to 28% in 2013. Although a significant number of surveys indicate that support for the European Union stands above 50%, others have detected a steady decline: while 57% of European citizens saw EU membership as being good for their countries in 2007, only 33% held that opinion in 2013 (a fall of 24 points). Yet despite this general disenchantment with governance and a recent deterioration in the EU's image, citizens' level of trust in the EU is still approximately ten points higher than their trust in their own national governments, which has fallen from 41% to 27% during the same period. Significantly, and keeping in mind that a sense of national identity is more important to Europeans than their identity as citizens of the EU, European citizens responding to the latest poll stated that they trusted the EU more than their individual governments (57%/41; 33%/27%).

Likewise, citizen support for a single currency has also withered, falling ten points from 63% to 53% over the past five years. This drop notwithstanding, a clear majority of Europeans continue to support the Euro, even though

<sup>9</sup> John Maynard Keynes. *Las consecuencias económicas de la paz* [The Economic Consequences of Peace]. Barcelona: Crítica; 2002.

<sup>10</sup> Pew Research for May 2013; Eurobarometer Standard 78 released in November 2012; Eurobarometers 79.5 released on 5 August and 15 September 2013; Flash 386 of November 2012 and EP-71 of March 2009.

51% (seven points higher than registered five years ago) are somewhat paradoxically of the opinion that the single currency has not been useful in mitigating the effects of the current economic crisis compared to 38% (up a more modest four points during the same period) who believe that it has been a positive factor in this regard.

These statistics reveal a significant difference of opinion about the Euro within the EU. While approximately 60% (almost two-thirds) of the citizens of Eurozone countries claimed to be in favour of the Euro, only 30% of citizens in non-Eurozone Member States felt the same way. More precisely, 57% of citizens living in Eurozone states thought that the single currency was good for their countries and as many as 68% thought it was good for the EU as a whole as well. These last figures are of fundamental importance, because when all is said and done, the Euro's success or failure will depend on the degree to which its owners and users support it. Citizens surveyed have shown very little inclination to abandon a single currency and return to their former currencies, an option that 67% of Spaniards, 66% of Germans, 64% of Italians, 63% of the French and 61% of the Greeks have rejected.

Opinion in Spain, where a majority of 57% supports the Euro (compared to 29% who do not), follows this general trend in Europe, although attitudes have become slightly more negative than they were twelve months ago, when 61% claimed to be in favour and 27% against the single currency. Also interesting is an unexpected one-point increase from February to May 2012 in the percentage of Spaniards who thought membership in the Eurozone was positive for their country: 67% as compared to 27% who thought that Spain would be better off readopting the peseta.<sup>11</sup>

These shifts of opinion stemming from the hardship brought on by the crisis and the growing disaffection towards national governments and the EU during the past five years have affected the election results. Different parties are now at the helms of twenty European governments and two (Germany and the Netherlands) have seen a reshuffling of ruling coalitions – although their heads of state, Liberal Mark Rutte and Christian Democrat Angela Merkel respectively, have remained the same. The countries in which the shift of power from one party to another has been most striking have been primarily (but not exclusively) peripheral states: Spain Portugal, Ireland and Italy.

Greece, where the GDP dropped by 25% during this period and the level of unemployment rose from 9% in 2009 to 27% in 2013, merits a more detailed analysis. This country's political status quo was completely overturned between its 2009 and 2012 general elections. The long-ruling Socialist party Pasok, which had won 43.9% of the vote in 2009, received a mere 12.3% in 2013 and is now the country's third-ranking party. The conservative New Democracy party, which had won 33.48% of the parliamentary vote in 2009, garnered the largest percentage of votes in the subsequent election (29.7%) after a split with its nationalist flank Independent Greeks (ANEL), which received 7.5% of the vote in 2012. Syriza Unionist Social Front, a coalition of the radical left, which had only won 4.60% of the vote in 2009, swept 26.9 % of the vote in the most recent election – a meteoric gain of 22 points. In the context of the crisis and Greece's membership in the EU, it should be pointed out that the parties that agreed to a greater or lesser extent to the conditions of Greece's rescue package (New Democracy and Pasok) were those that took the most brutal beating at the polls during the most recent election. Their combined majority was reduced from 77.4% to 42%. Although Syriza was extremely critical of the European econom-

<sup>11</sup> Metroscopia, El País, 10 March 2013.



ic policy and called for a substantial renegotiation of the conditions of the rescue package that was offered to Greece, it should be remembered that this party did not propose either Greece's exit from the Union or its abandonment of the Euro. Although their ranks have been seriously reduced, Europeanists still hold an ample 68.9% majority in the Hellenic Parliament. Nevertheless, Europhiles are in no position to congratulate themselves, for the costs of Greece's decision to bite the austerity bullet have been high – ranging from a painful fracturing of the country's social fabric to seismic changes in its political landscape that have included schisms within the political right, the resounding defeat of the Social Democrats, the rise of nationalism and the emergence of Golden Dawn (an unabashedly neo-Nazi party known for its street violence that received 6.9% of the votes in the last election).

It would be difficult to overstate the degree to which Greece's continuing membership in the Eurozone has been a major blow to Eurosceptics, who have not suffered a comparable defeat since the 1990s, when the main Scandinavian members of the European Free Trade Association (promoted by the UK as a free trade bloc designed to rival the EC) made the momentous decision to enter the European Community. The results of the most recent elections held in Greece constituted a second great setback for anti-Europeans, for whom the separation of Greece from the family fold of the Euro would have signified a major political and propaganda coup. Nevertheless, if the Euro's first decade of success diminished the ranks of the Eurosceptics, the European institutions' abysmal economic mismanagement during the first days of the crisis swelled them once again with new bebies of scholars and disenchanting and disoriented progressive young Turks drawn to the comforting anachronism of nationalism.

If the Euro has held up under the current gruelling crisis and the harsh conditions of the rescue packages devised to contain it, it has been due to an underlying strength the doomsayers who predicted its downfall failed to perceive. The Euro did not crumble in spite of extreme austerity measures that have caused havoc in employment markets and the radical pruning of social welfare systems; nor did the Eurozone disintegrate in spite of the indignation of Greek citizens, the fatigue of the countries called upon to provide funds needed to shore up vulnerable fellow Member States or the contagious pessimism that infiltrated even the ranks of Europe's staunchest federalists. If the single currency was capable of enduring the catastrophe scenarios proffered by the better part of the academic community, the negative barrages of the yellow press, and the Eurozone's own grave structural, management and public relations problems and the Eurozone stood firm, it was due to three strong factors that worked in their favour: i) the perception that the Eurozone was the 'lesser of two evils' (given the fear of the unknown, the inevitable deterioration of well-being and the tremendous opportunity costs involved in starting over from zero should the naysayers prove to be right and the Union should fail); ii) the belief that a rupture within the Eurozone would gravely affect the common market; and iii) last, but not least, the determination of average Europeans to stick by the single currency, which was made patent not only in public opinion polls but also in voting booths throughout the continent.

In the end, when the Eurozone stepped back from the edge of a perilous cliff, it was in great part due to the faith and political will of common European citizens.

# The role of the Union in response to globalisation: the promotion of human rights and democracy and the fight against poverty

Francisco Aldecoa

## **General considerations: The global dimension of citizenship**

Throughout 2013 and the first few months of 2014, the European Union has continued to resolve a number of its economic governance problems and has put the worst moments of the financial crisis behind it. Yet the Union must deal with the lingering effects of the unequal distribution of the burden of measures carried out to cope with the crisis and the persistent sluggish economic growth that has given rise to citizen scepticism towards the European project as a whole. Even though the progress made on these fronts has left the EU in a better position to take a more active role in international affairs, it remains debilitated by the crisis and lacks the cohesion to provide authentic leadership in today's globalised world.

Nonetheless, during this period the European Union has managed to take a few small steps

towards enhancing its role as a global actor. Most importantly, it has managed to move forward on initiatives launched when the Treaty of Lisbon came into force in December 2009 as epitomized by the fuller implementation of the EEAS, (the Union's principal vehicle for conducting international affairs since 2011) in fulfilment of Article 21.2 of the Lisbon Treaty, which provides a mandate for the Union to define and pursue common policies and actions in the field of international relations in order to 'promote an international system based on stronger multilateral cooperation and good global governance' – in other words, to make globalisation more governable.

Modest progress has also been made in ensuring the rights of EU citizens in third countries. A proposal for a Council Directive on the rights of EU citizens to consular protection issued on 14 December 2011 is being followed up, although the process of drafting the specific



legislation has been challenging. Nevertheless, a number of advances have been made on this matter during the last twelve months. Due to the complexity of the issues involved in the question of diplomatic and consular protection and assistance, it is still too early to know in precisely what form this will be extended or which obligations and functions will be taken up by the Union and which should be the responsibility of individual Member States. Perhaps the most important fruits of this process have been parliamentary amendments to the original proposal stipulating that EU delegations shall have the power to extend diplomatic and consular protection to unrepresented EU citizens in third countries, an issue of great relevance given that the European Union maintains one hundred and fifty delegations abroad whereas the majority of Member States have less than half that number.

During the three years since its initial launch, the European External Action Service (EEAS) has gradually become more effective, efficient, coherent and consistent in its implementation of EU external policy, although it still has a long way to go in fulfilling its objectives, especially in the areas of visibility, effectiveness and leadership. While it is true that the EEAS has managed to improve the administrative management of EU foreign policy operations, it has made little headway on the improvement of decision-making processes, which are the crux of foreign policy work.

The EEAS's slow progress is understandable given the current political environment. In the light of the fact that internal decision-making processes conducted according to so-called community methods do not function optimally, it must be acknowledged that decision-making related to foreign affairs, which is basically inter-governmental and subject to a large extent to

the unanimous consensus of all Member States, is exponentially more difficult, even taking into account that the EEAS now has numerous embassies around the world, a new 'ministry' on the Rond Point Schuman in Paris and its own 'minister'. Nevertheless, it has yet to frame or launch a foreign policy that puts the European Union in the position to assume its rightful role in a highly globalised world.

### **The European Union's response to globalization**

The European Union has consolidated its role vis-à-vis globalisation on several fronts, including enlargement. On July 1, 2013, Croatia became the twenty-eighth Member of the EU, bringing the Union's total population to 507 million and raising its GDP by 1%. This event brings the Union closer to other candidate countries waiting in the wings and other potential candidates, especially interested states in the Balkan region. It is also notable that despite the Union's financial problems, Lithuania decided to become the eighteenth Member State to adopt the Euro. Furthermore, in 2013 all the EU's Member States save the UK, Denmark and Sweden expressed a desire to join the Economic and Monetary Union as soon as possible.

### ***The European neighbourhood policy***

The EU's attempts to consolidate its neighbourhood policy have been relatively successful, although activity in 2013 has been geographically asymmetrical, the greater part being concentrated in Eastern Europe. Neighbourhood policy in Eastern Europe has focused on promoting human rights and fighting poverty. Every effort

has been made to develop policies for this region that do not stand in conflict with foreign policies pursued by the Russian Federation.

Given this possibility, it is worth mentioning the finalisation of negotiations for Association Agreements with Moldavia, Georgia and Armenia, agreements that included provisions for the establishment of Deep and Comprehensive Free Trade Areas. Moldavia and Georgia initialled their agreements at the Vilna Summit held in November 2013, but Armenia was forced to pull back at the final moment under strong pressure exerted by the Russian Federation for this country to join its own customs union. This turn of events has unfortunately slowed Armenia's progress towards greater integration into the sphere of the EU.

Nevertheless, it must be acknowledged that it is not always possible to accommodate Russian foreign policy. The decision of the Ukrainian government under Victor Yanukovich in November to postpone the signing of a pending EU Association Agreement resulted in protests throughout a large part of that country in favour of closer ties to the EU that resulted in the mass resignation of the standing government, the flight of Yanukovich and the appointment of a new, interim government. In the wake of these events, the EU and Ukraine signed the political parts of an Association Agreement on March 20. The other parts of this accord will be signed after Ukrainian general elections scheduled for May 25 have taken place.

Despite intense efforts and the implementation of mechanisms designed to support civil society under the 'More for More' principle, the development of neighbourhood policies for countries to the EU's south has been a greater challenge. The only encouraging outcomes in this region have been in Tunisia, the country

that sparked the Arab Spring three years ago, where great strides have been made towards democratization with the approval of a new constitution and the formation of a government of consensus.

On the other hand, Morocco continues to have the strongest ties in the region to the EU. The new Neighbourhood Policy Action Plan for 2013-2017 provides for an 'advanced statute' that will deepen this country's ties with the Union even further. Nevertheless, regional instability has hampered the effectiveness of the EU's neighbourhood programmes in this region and hindered these countries' progress towards the desired level of compliance with the *acquis communautaire*. Events such as the July 2013 coup d'état in Egypt, the war in Syria and the ongoing crisis of the Middle East have impeded the implementation of more ambitious reforms in the Southern Neighbourhood region.

We must therefore conclude that the ENP has had more impact in Eastern Europe, and most particularly in Moldavia and Georgia, in terms of a strengthened commitment and a determination to embrace European principles and values. Moldavia has gone so far as to express a desire to apply for EU membership at some point in the future and has been especially active in the Neighbourhood Programme this year despite a flare up of tensions in the Transnistria Security Zone that has since fallen to more normal levels.

### ***The European Union's role in the G-20***

The presidents of the European Council and the European Commission participated in the G-20 Saint Petersburg Summit held September 5-6 under the principle of "dual representation", by which only either the president of the Council,

either the president of the Commission has the right to speak at a given round of talks although both are present. Despite the difficulty of putting this concept into practice, the role of EU spokesman at this meeting were officially divided between Herman Van Rompuy, who covered political issues, and José María Barroso, who addressed economic matters. The presidents of Germany, Great Britain, France, Italy and Spain were also present, Spain enjoying the status of permanent guests at all G-20 summit meetings. This forum, which was first proposed by the EU in the wake of the economic crisis, has since broadened its agenda and now provides an ongoing platform for multinational discussion and debate on a wide range of international issues. Seven summits were convened prior to the Saint Petersburg Summit of 2013, and the continuity of this event now appears to be assured. Nevertheless, although the EU continues to have an ever-greater voice in the management of globalisation, it must be remembered that five major world powers also continue to play leadership roles.

In contrast to the G-20 Summit held in Los Cabos, Mexico in June 2012, which broke new ground by adding the issue of global 'green growth' to the agendas of all working groups, the summit held under the Russian presidency focused more narrowly on economic and financial issues. The agenda for this summit concentrated primarily on growth and employment and placed a strong emphasis on regulation and transparency. On July 23, the European Commission presented a letter signed by Van Rompuy and Barroso that laid out Europe's priorities for the Saint Petersburg session based on previous deliberations of the European Council. These included establishing growth and employment as a central pillar of the G-20 agenda, providing impetus for further structural financial

reforms, making further progress on the fight against tax avoidance and evasion, and completing the restructuring of international finance (IMF). The letter also called for renewed efforts in the areas of development, anticorruption and energy policies.

All things considered, the EU managed to position itself better in Saint Petersburg than it did at the previous year's summit. Furthermore, it was praised for its success in achieving financial stability, the structural reforms it had carried out and the progress it had made towards a banking union. The outcomes of the Saint Petersburg summit, especially those related to the issue of tax evasion, fundamentally reflected the objectives put forward in the European agenda. Spurred by a related OECD report, leaders present at the meeting made a commitment to begin exchanging information on tax evasion in 2015. In addition, the G-20 reconfirmed its commitment to anti-protectionism by extending the Toronto "stand-still" clause to 2016 and reiterated its support for the Basel III capital rules, which call for liquidity requirements needed to control 'shadow' banking systems. Although the war in Syria did not figure on the official agenda, it seems that this was also discussed during the summit. President Van Rompuy publically condemned the use of chemical weapons on August 21, although he reiterated the EU High Representative's declaration that the EU would not support military intervention in this conflict. Although no specific information is available as to the particulars of discussions held on this topic during the summit, it appears that debates on Syria led to the US decision to suspend its plans for a military intervention in this conflict.

The next G-20 summit will be held November 15-16 in Brisbane, Australia. The agenda set under the Australian presidency stresses four main

issues: the removal of trade barriers, infrastructure investment, the reform of the international financial system and tougher supervision of shadow banking. The entire year's cycle of meetings, which includes the first sherpa meeting held in December 2013, has now been set. The 2014 schedule includes a meeting of G-20 finance ministers in Sydney on February 22-23 followed by others in Washington, D.C. in April (planned to coincide with the IMF's spring meeting) and Cairns in September. Optional follow-up meetings could be held in October and November should they be necessary. The sole meeting of trade ministers planned for this cycle will take place in Sydney in July. A total of four sherpa meetings have been scheduled for 2014. One of the highlights of recent G-20 activity has been the consensus reached regarding the need to crack down on tax havens.

***The EU Common Security and Defence Policy (CSDP): Strategic priorities for the next eighteen months (2014-July 2015)***

Throughout the past year there have been many important proposals related to the future development and implementation of the CSDP. Given that a decade has passed since the European Council approved Javier Solana's now obsolete 'A safe Europe in a better world' strategy, the European Parliament has been especially interested in drafting a new security policy that addresses issues not taken up when the standing policy was reviewed in 2008. In his December 19, 2013 speech to the Council, the European Parliament President, Martin Schulz, made the following appeal: 'Let us work towards a new European security strategy. A strategy that concentrates on key interests, key tasks and key capabilities of the EU. A strategy which pools

and shares resources. Cooperation is better than national rivalry'. Nevertheless, to date the Council has yet to draft such a strategy.

Although the Council meeting of December 19-20 2013 raised great expectations regarding the future development of the CSDP, there has been very little done in this area. The most important action taken has been the drafting of a plan for the eighteen months ending in June 2015 that set the following priorities: a) improve the effectiveness and the impact of the CSDP (maritime security, cyber defence, border management, energy efficiency, etc.), b) strengthen capacity (drones, air-to-air refuelling, satellite communications, build national support for the European Air Transport Command to remedy the status quo in which only a few Member States are currently prepared to participate in the rollout of the A400) and c) strengthen Europe's defence industry (dual use applications, supply security, etc.). First level observations of progress made on these issues will be presented on June 2015, after which a Council will prepare a new roadmap based on the conclusions of its own report.

It should be noted that the creation of a permanent structure for the planning and implementation of missions and operations has once more been blocked by Great Britain, which insists that defence matters should remain the domain of individual Member States and the Atlantic Alliance. Another important development is the move towards pooling and sharing, an essential strategy in the light of the Council's warning that although the defence budgets of individual Member States have been cut drastically over the past five years, threats and security and defence requirements have continued to rise during this period. This presents a strong argument for the further integration on security and defence issues.

## **The promotion of human rights and democracy**

The European Union recognises that human rights are universal and indivisible and seeks to defend them within its territories by upholding the principles of respect, protect and guarantee. Although the principles of human rights, democracy and rule of law have constituted the three main pillars of all EU actions since the Maastricht Treaty came into force thirty years ago, it is admittedly more difficult to enforce them on an international scale. The Charter of Fundamental Rights of the European Union was given full legal status by the Lisbon Treaty, which came into force on December 1, 2009.

Given the difficulty of safeguarding these principles beyond its borders, the EU has included the promotion of human rights and democracy in its foreign policy and other external initiatives. For example, cooperation and trade agreements signed with third countries contain conditionality clauses directly related to the protection of human rights. Since 2007, the European Instrument for Democracy and Human Rights (EIDHR) has funded NGOs that support democracy, human rights, the rule of law, the abolition of the death penalty, the fight against torture and the elimination of racism and other forms of discrimination. Its budget for 2007-2013 is 1.100 billion Euros.

On June 25, 2012, the European Union officially announced a two-year Strategic Framework and Action Plan for Human Rights and Democracy in force through December 2014 and appointed Stavros Lambrinidis of Greece as the Union's Special Representative for Human Rights. Mr. Lambrinidis's initial mandate is set to expire in June 2014.

The Union also imposes sanctions on third countries that systematically fail to comply with

fundamental human rights. It took such action with both Syria and Iran during 2013. Sanctions against the latter were gradually eased at the end of the year following successful negotiations led by the European Union between Iran and other world powers regarding the use of nuclear energy.

As previously mentioned, the Union's neighbourhood programmes have also proved to be effective instruments for promoting democracy and human rights beyond its own frontiers.

## **The fight against poverty: a focus on Africa**

The UN's Millennium Goals have guided the European Union's fight against poverty since the year 2000, and reducing the poverty index became a key priority for all governments and organisations committed to this issue during 2013. Great progress has been made and many lives saved in Africa, the continent that suffers the highest rates of poverty in the world. The \$1.25 poverty rate in sub-Saharan Africa has fallen from 58% in 1990 to 48% and life expectancy has increased by ten years. More children in this region are receiving at least one meal a day (malnutrition has been reduced by 7%) and primary school enrolment has reached 76%. These achievements would not have been possible without the development aid provided by the European Union.

Perhaps, in part, for the long history that binds Europe and Africa, the EU has always supported development in that continent. The Union renewed its commitment in the form of a Joint Africa-EU Strategy Partnership formalised with African heads of state in Lisbon in 2007. This programme, which was in force from 2008 through 2013, has provided crucial assistance throughout Africa. In 2013 it was calculated

that the EU had provided funding for 80 infrastructure projects that represent a value of 6,500 million Euros. Over the last few years, the Union has helped harmonise and improve the degree programmes offered at more than 60 African universities, promoted student mobility in Africa, and financed a 15 million Euro scholarship and grant programme that has helped aspiring young African scholars to complete their educations. The African Union has received 55 million Euros in EU development funds to date. It is expected that an additional 40 million will be invested in African development during the second phase of this joint development partnership.

The EU has funded more than 400 projects devoted to food security, innovation and the fight against climate change valued at 140 million Euros. This firm commitment to Africa's future deserves a closer analysis within the context of the Union's own circumstances. The Commission devotes an average of 500 million Euros a year to development in Africa. Despite the crisis, EU institutions have continued to increase funding for African projects. In 2011, funding rose by 10.9% to a total of 3,700 million Euros. In 2012 it rose again to 5,500 million, an increase of 23.6%. Although Africa also receives aid from other countries such as the United States, China and Japan, the Union is far and away the largest aid donor in this part of the world. During the period 2007-2013, Africa received more than 24,000 million Euros in development assistance funding from the European Union. The EU's contribution to African development is set to increase once again during the final push to achieve the Millennium Development Goals in 2015. The Fourth EU–Africa Summit in early April will bring more than 60 EU and African leaders together in Brussels to discuss new ways of reducing pov-

erty through sustainable development and formulate a new roadmap for EU–African relations for the period 2014–2017.

Despite the aforementioned hardships brought on by the current economic crisis, the Union has not suspended either its aid programmes in Africa or its development assistance to any other region. To the contrary, assistance funding provided by EU institutions has increased during this period. Another summit between EU and African leaders will be held in Addis Ababa, Ethiopia, in April, at which further EU funding for development and the fight against poverty in Africa will be discussed. Thirty of the 49 countries that rank lowest on world development indexes are located in Africa. By maintaining its commitment to African development while grappling with a severe economic crisis at home, Europe has confirmed its status as a world leader that shoulders its global responsibilities.

### **Conclusions and the outlook for 2014**

Throughout 2013 and the first quarter of 2014, the European Union has been methodically consolidating its position as a global actor in various different ways. Among other achievements, it has used its capacity as a major world economic power to provide substantial funding for development and humanitarian aid, entered into fruitful negotiations leading to enlargement, carried out an ambitious neighbourhood policy, held its weight with its counterparts in international politics and developed its Common Security and Defence Policy.

During this period, it has moved forward with great strides towards the consolidation of the European External Action Service, which now provides common diplomatic representa-

tion of all Member States. The EEAS is constantly taking on new competences and gradually assuming additional traditional diplomatic roles and responsibilities. Many of the activities it carries out have superseded those previously conducted by the diplomatic corps of individual Member States. As a result, a significant number of these countries, especially the smaller and medium-sized states, are reducing the size of the delegations they maintain abroad. Nevertheless, it must be stressed that EU diplomacy does not today, nor will in the future, impinge upon or substitute the diplomacy carried out by individual Member States. Diplomacy at both levels will continue to function side-by-side going forward.

This past year has been especially important in that it has marked the second anniversary of major decisions concerning how the EEAS would be organised and what functions it would have. As such, 2013 has provided an occasion to review its progress and performance during the first two years in operation. This review has indicated that further technical adjustments are required, especially regarding the necessary creation of a new position by the title of Assistant High Representative of the Union for Foreign Affairs and Security Policy. Other pending issues in need of clarification include the question as to which foreign affairs competences correspond to the European Commission and which fall within the territory of the EEAS and how coordination problems between Member States can best be overcome.

In any case, the evaluation carried out by the European Parliament's Foreign Affairs Committee concluded that the EEAS has performed well, especially in the areas of management and external administration, and has greatly improved the efficiency and effectiveness of the Union's activities related to foreign affairs. Nevertheless,

it remains clear that there is still much work to be done in the area of common foreign policy, particularly in terms of effectiveness, visibility, coordination and rapid responses to international problems.

It is generally perceived that the Union's management of foreign policy has greatly improved thanks to the implementation of this new instrument. However, the EU must strengthen a less intangible aspect of its foreign policy operations, which is its decision-making capacity, if it is to become a major actor in global affairs. The new and special ramifications of this year's European elections to be held from May 23 through May 25 make them an unparalleled vehicle for achieving this objective: the main novelty of the 2014 elections is that, as established in Article 17.7 of the Lisbon Treaty, the European Council will take the results of the European Parliament elections into account when selecting a candidate for the position of President of the European Commission. Political parties have already designated their candidates for this position. The upshot of these developments is that these elections could produce an authentically European government.

If there is a large voter turnout and a clear favourite for the presidency of the European Commission based on the support of a substantial percentage of Europe's citizenry, the weight of the European Commission in European policymaking could be greatly augmented and it could become an authentic European government. If this were to be the case, the EU's foreign policy would be politicised.

It can be said that the High Representative has fulfilled her management duties and successfully put the EEAS to work during the seventh legislature now drawing to a close. But as a result of the EU citizenry (almost) directly choosing the President of the European



Commission, a new political development is deemed to take place in the area of the EU foreign and security policy as well: since coalitions will need to be formed after the May elections so as to select a President of the European Commission, it is very likely that the second most voted party would then nominate its own candidate for the position of a new High Representative. This development is believed to provide a large political push for this public office vis-à-vis EU Member States.

Therefore, 2014 will be a year of transition. Given that the appointments of the incoming President of the Commission, Commissioners and High Representative, on one hand, and that of the President of the Council, on the other, will not be effective until November, any real changes in EU foreign policy and the role the Union will play in globalisation – if there are, indeed, changes in the offing – will not come into force until 2015.

Looking at the work to be undertaken going forward from a global perspective, the importance of forward momentum on the negotiations for the proposed Transatlantic Trade and Investment Partnership agreement between the European Union and the United States initiated in June 2013 is unquestionable. If all goes according to the best of all possible scenarios, these negotiations will be concluded in 2014, although the agreement itself will not enter into force until 2015.

In summary, the EU made significant gains in the area of foreign policy during 2013. One of the outstanding examples of EU external action during the last twelve months was its leadership of negotiations between the international community and Iran that resulted in an interim agreement with that country on nuclear non-proliferation. It is hoped that negotiating parties will reach a comprehensive final agreement this July. Other achievements include the High Commissioner's role as mediator in agreements reached between Serbia and Kosovo. Despite the vigorous efforts of the High Commissioner and EU Member States, the European Union has had less success in its attempts to defuse tensions in Ukraine. The situation in this country, which has been convulsed by political unrest since 2014, continues to worsen. Nor has there been positive movement in the Geneva negotiations over a peaceful solution to the conflict in Syria, a fact corroborated by different reports evaluating actions taken in 2013. Perhaps the best illustration of the EU's progress on foreign policy during 2013 is the assessment offered in the European Council on Foreign Relations European Policy Score 2014, the fourth edition of this annual overview of trends in the development of European foreign policy, which asserted that foreign policy had once again become a strong element of European policy. In its chapter devoted to multilateral issues and its crisis management the Policy Score gave the EU higher grades in these areas than it had in previous years.





# European immigration and asylum policies

Miguel Pajares

## Introduction

On October 3, 2013, close to 350 people died at sea less than a mile off the coast of Europe. Most were Eritreans and Somalis fleeing countries in conflict and had been heading towards Europe when the overcrowded boat they were travelling in caught fire and sunk just to the south of the Italian island of Lampedusa. As is always the case in tragedies of this magnitude, the consciences of European leaders were seemingly stirred and it was widely declared that such a thing should never happen again. Italy demanded a greater commitment and solidarity from the EU in the form of additional measures and resources needed to provide a joint response to the ongoing challenge of facing the rising waves of migration. Members of the JHA Council<sup>1</sup> responded promptly at a meeting held October 7-8, authorizing the establishment of a Task Force for the Mediterranean. The TFM met on October 24 and lost no time in drafting the document that provided the basis for COM(2013) 869, which was issued by the EC

on December 4. At its final meeting of the year held December 19-20, the European Council called on the Commission to present clear time frames for action and promised to address the issue of asylum and migration and plan a long-term policy backed by appropriate legislation during its June 2014 meeting.

We will return to these statements issued by the TFM and the Commission further on, as they form an important part of the body of documents drafted on immigration and asylum during 2013, but before we do so, we would like to underline the sensation of *déjà vu* one inevitably feels at the news of yet another European commitment to establish a 'definitive' common policy on immigration and asylum. When European heads of state met in Tampere in 1999, they adopted a 'firm' commitment to establish such a policy within five years. Equally 'firm' were the commitments they announced in Laeken in 2001, Seville in 2002 and The Hague in 2004, where in view of the little progress made on this issue, a new and broader agreement was signed that set 2009 as the year by which this common policy would be fully in force. There was practically no forward movement on this issue during what could be re-

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<sup>1</sup> Justice and Home Affairs Council.

ferred to as the ‘Hague period’, and quite predictably a new commitment was touted in Stockholm that pushed the date for the definitive formulation of a policy to 2014. During this extended period there were moments of hope, as was the case in 2008 when Sarkozy called for a ‘European Pact on Immigration and Asylum’ meant to harmonise the diverse policies in force in the EU. This agreement was signed, just as so many others proposed by Spain and Italy in their day. Nevertheless, although progress was made on EU-wide regulation and mechanisms were created for the joint border control, the weight of immigration and asylum policy has continued to fall mainly on the shoulders of individual Member States. Harmonisation has been limited (there are still significant differences between the ways individual Member States handle these affairs) and common instruments continue to fall short of what is needed. Furthermore, although the rhetoric of European leaders is full of references to policies aligned with the principles of human rights, as we shall observe in the following pages, in reality, they are not.

### **The admission of immigrants to the European Union**

Both the document issued by the Task Force for the Mediterranean and the related Communication issued by the Commission speak of the need to open legal channels for labour immigration. The latter specifically states ‘The EU and its Member States should continue to explore further possibilities to open legal channels which give an opportunity for migrants to reach Europe in a regular manner. Such channels will also help to fight abuses and irregular migration’ (COM(2013) 869, pg. 13). Nevertheless, the legal entry of immigrants is by

far the weakest link in the chain of Europe’s immigration policy.

In 2000, when the work of drafting a common immigration policy finally began, the Commission stated in a Communication that Member States must acknowledge the existing need for labour immigration and open channels to ensure its legality. It also stressed that the existing restrictive system of admission ‘allows for no adequate response to labour market needs and plays into the hands of well organised traffickers and unscrupulous employers’ (COM(2000) 757 of 22 November, pg. 13). Since then there have been many attempts (and failures) to establish entry legislation, although some progress has been made. In 2001, the Commission proposed a directive on the conditions of entry for prospective workers that was debated several times in the European Parliament (EP hereafter) and the Council but latter shelved. In 2004, the Commission issued a Green Paper on labour immigration as a means of testing how far member States were willing go on this issue and concluded that there was only support for legislation governing certain aspects of immigration at that time. The most important area addressed was the admission of highly qualified workers, which was formalised in Directive 2009/50/CE of 25 May and introduced a ‘Blue Card’ system that granted admitted third-country nationals the right to work in any EU country. The Commission also proposed directives covering students, au pairs and seasonal workers. At the end of 2013, the EP finally debated the proposal regarding seasonal workers that had been prepared by the Commission three years earlier.<sup>2</sup>

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<sup>2</sup> Proposal for a Directive of the European Parliament and of the Council on the conditions of entry and residence of third-country nationals for the purposes of seasonal employment COM(2010) 379 of 13 July.

Without resting importance from the modest advances achieved in the area of admission, we must nevertheless point out the fact that there is no European legislation designed to cover the vast majority of third-country nationals entering the European Union: unskilled workers looking for non-seasonal jobs. Legislation is now in place for other groups of workers, but the most important group has not been addressed. Given that the laws in Member States are very restrictive, the Commission's 2000 assertion that these workers have no other means of entry than irregular channels still holds true.

Various reports based on the demographic projections (some of them prepared by the European Commission) warn that once the current economic cycle is over and Europe begins another period of growth, it will require a larger immigrant workforce than it had during its previous phase of growth (prior to the onset of the crisis in 2007). It is projected that in the future there will be a need not only for highly qualified specialists, but for workers in a wide range of other categories as well. Nevertheless, at no moment in 2013 was there a sign that legislation required to meet these future needs was seriously being considered.

Mobility Partnerships could provide a framework for exploring legal entry to immigrants on a modest scale in the future. The following section describes this new approach to this unresolved issue.

### **Mobility Partnerships**

The EU launched the Global Approach to Migration and Mobility (GAMM) in 2005. Since that time, it has served as the general framework for the Union's foreign policy on migration and asylum. This is a very important initiative in

that brings non-Union countries in which migration either originates or transits through – especially EU neighbour countries – under the umbrella of EU migration management and asylum policies. This comprehensive framework received a new vote of confidence in the form of a Commission communication issued on November 18, 2011.

The GAMM is implemented through dialogues and agreements with third countries whose purpose is to establish bilateral frameworks referred to as Mobility Partnerships. These partnerships provide structures for addressing such issues as the facilitation of visas to third-country nationals seeking to enter the EU, the readmission of third-country nationals deported by EU Member States, support for border management, the promotion of human rights, refugee and asylum policies, as well as other areas in which there is a relationship between migration and development. Although the rhetoric employed by the Mobility Partnerships programme is very wide in scope, there is no doubt that its main objective is to convince the governments of neighbour and other third-countries to work jointly with EU on the management of migration across their borders and accept the repatriation of migrants deported from European countries. The European Union would also like these countries to improve their systems for the protection of migrants and the care of asylum seekers. While commendable, it must be noted that such measures would also have the effect of preventing refugees from entering Europe.

What does the European Union offer in exchange for collaboration on border and migration management? The most important compensation it could offer would be to live up to the name of the programme itself, Mobility Partnership, (which after all, contains the word "mobility") and permit the free circulation of

workers, although nothing of the sort is contemplated in the existing written agreements. The meagre and partial mechanisms for facilitating visas contemplated in these agreements are designed to improve the mobility of trade partners, provide for the entry of students and establish circular migration programmes for seasonal workers. A provision has also been made for 90-day short stay visas. However, such visas are exclusively for travel and do not grant holders the right to work in the EU. No progress has been made on visas for non-seasonal employment.

The process of establishing Mobility Partnerships has been slow. The first MP forged was negotiated with Moldavia in 2008. This was followed by agreements with Cabo Verde (2008), Georgia (2009) and Armenia (2011). Great progress was made in 2013, a year in which the Union signed an agreement with Azerbaijan and established a partnership with Morocco – an important achievement for the EU considering its desire to stem the tide of migration from that country.<sup>3</sup> That year drew to a close with the conclusion of discussions with Tunisia in November and the opening of discussions with Jordan in December. During the period 2012-2013, the European Commission provided strong support for the MPs, allocating more than 200 million euros for over 90 projects related to migration.

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<sup>3</sup> The MP signed with Morocco on 7 June 2013 contains commitments related to legal migration and the prevention and control of illegal migration, international protection and the development needed to remediate the problems that cause migration. Among other commitments, Morocco has promised to establish a national asylum system. The agreement also spoke of joint efforts to prevent and combat human trafficking and protect victims. Pending is a future agreement on the facilitation of visas and the renewal of negotiations toward a readmission agreement. The Commission will allocate 5 million euros to support the development of this MP.

The meagre concessions on mobility made by Member States were deservedly criticised by the European Commission in its *Report on the Implementation of the Global Approach to Migration and Mobility 2012-2013* COM(2014) 96 final of 21 February, which noted ‘Several regional dialogues suffer from a lack of engagement from Member States’ (pg. 14). In a previously mentioned 2013 Communication (COM(2013) 869 of 4 December), the Commission had warned that efforts of Member States to use Mobility Partnerships exclusively as a means of shifting responsibility for border management to third-country partners could imperil these agreements, stating, ‘Relations with partner countries will also have to take into account the specific sensitivities and expectations of partner countries on the migration dossier, and their perception that the EU wishes to focus primarily on security-related aspects, readmission/return and the fight against irregular migration’ (pg. 5).

In short, we can say that while Mobility Partnerships represent an important step forward in migration management, their effectiveness will depend on the willingness of Member States to budge on the question of allowing the free circulation of workers within the territories of these Mobility Partnerships’ signatory states, the territory of the EU Member States themselves included, a leap deemed so ambitious that no Member State has expressed its willingness to undertake it at any point during 2013.

## **Borders and irregular immigration**

Since September 11, 2001, security policies throughout the Western world have broadened in scope and immigration policies are now subject to security interests. Although migration was already viewed as a security issue prior to

the fateful attack on the US World Trade Center in New York, since that event more restrictions and controls have been implemented and immigration laws have been amended to conform to the new “securized” paradigm of fighting illegal immigration, a paradigm which has become a central tenant of migration policies.<sup>4</sup> The first two European Council meetings held after September 11, 2001 (Laeken in December 2001 and Seville in 2002, the last of which coincided with Spanish President José María Aznar’s tenure as Council President) devoted a significant portion of their debates to this issue and set the groundwork for such instruments as the Schengen Information System, the EU’s Visa Information System, common repatriation policies and practices, and readmission agreements with third countries.

The steps taken towards the development of a policy to deal with ‘illegal immigration’ have been firmer and more decisive than those related to the admission of foreign workers to the EU, family reunification or residents’ rights. As a result, progress has been made on dialogue and cooperation with sender countries, aid to third countries for border management, the improvement of data systems (such as the recently created EU Immigration Portal), the creation of the EU border agency FRONTEX, the Schengen Borders Code, support for the EU External Borders Fund, the development of biometric technology, the creation of an electronic ‘Smart

Borders’ Entry and Exit System (EES), a streamlined deportation policy (including readmission agreements with sender countries and the organisation of joint repatriation flights) and similar instruments, measures and agreements.

This process reached its peak with the approval of the Return Directive proposed in 2005 and approved in 2008<sup>5</sup> that sets out procedures for repatriation. This Directive follows the same restrictive law-enforcement logic that has gradually come to govern the management of irregular immigration and incorporates controversial measures such as the possibility of holding immigrants in prison facilities if no space is available in detention centres, the internment of minors with adults if no other option is available and the prolongation of internment up to a period of six months with the possibility of extending this period to 18 months under certain circumstances. This Directive adopted the standards upheld by those Member States with the toughest laws against irregular immigration. It also included legal guarantees that obliged some Member States to improve the conditions under which immigrants were detained. Nevertheless, the margin of discretion it allows has led to situations such as those in Greece, where 18-month periods of detention have become the norm although the Directive states that detention should only be extended in exceptional cases.

In 2013 the EU made a significant investment in systems and capacity building aimed to enhance the performance of the Agency for the Management of Operational Cooperation at

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<sup>4</sup> The use of the term ‘illegal’ has been criticised by international organisations that work on migration and asylum issues, the European Economic and Social Committee and other institutions, all of which have called for the use of the term ‘irregular’ in its stead with an eye to eliminating stereotypical perceptions that link immigration with delinquency. Nevertheless, this word continues to appear in official documents issued by the European Commission and the European Council.

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<sup>5</sup> Directive 2008/115/CE issued by the European Parliament and the European Council on 16 December 2008, regarding common standards and procedures in Member States for returning third-country nationals in an irregular situation to their countries of origin.

the External Borders of the Member States of the European Union (FRONTEX).<sup>6</sup> The most notable of the projects funded was the European Border Surveillance System (EUROSUR), established through Regulation 1052/2013 of 22 October and launched at the beginning of December. EUROSUR was created to strengthen the exchange of information and operational cooperation between national authorities and FRONTEX. Its mission is to pinpoint migratory routes, provide a higher level of situational awareness along the EU's borders and improve the speed and efficiency of response to border incidents provided by the governments of Member States and FRONTEX. It has been said that if EUROSUR had been operational in October 2013, the Lampedusa disaster could have been averted. Although an agreement was signed in April 2013 between FRONTEX, the European Maritime Security (EMSA) and the European Union Satellite Centre (EUSC) to ensure satellite coverage, EUROSUR still lacks the technology required to spot small boats by satellite (Martínez-Almeida, 2014). Another problem to be resolved is the reception of migrants intercepted at sea. The refusal of some Member States to allow rescued migrants to disembark on their territory continues to make this an especially thorny issue.

Another instrument proposed in 2013 and scheduled for initial launch in 2013 is SEAHORSE Mediterraneo, which will have basically the same mission as EUROSUR in that it will ex-

change information regarding incidents, patrol borders in real time via satellite and strengthen the EU's response to irregular migration, but whose scope of operations will include Algeria, Egypt, Libya and Tunisia. SEAHORSE Mediterraneo will be modelled after SEAHORSE Atlántico, a previously established programme carried out by Spain and Portugal in collaboration with a number of African countries (Morocco, Mauritania, Senegal, Gambia, Guinea Bissau and Cabo Verde).

Like Mobility Partnerships and other bilateral agreements between various Member States and other countries, these systems involve the participation of countries of origin and transit. Thanks to these commitments and agreements, the Union has been gradually involving these countries in the monitoring and control of irregular migration. The efficiency and outcomes of these programmes depend on the countries involved and the circumstances of the moment,<sup>7</sup> but as they are focused strictly on policing migratory movements, they cannot be said to bring us any nearer to having a system that actually manages migration. To properly manage migration, a system would need to include information offices, provisions for social assistance, better opportunities for third-country nationals to obtain visas and the implication of organisations such as the International Organization for Migration that provide support for migrants. Such a system could reduce irregular migration and prevent situations in which migrants risk their lives on perilous journeys, but it would only be viable if channels were opened up for legal migration. Managing migration will not be possible without taking this step.

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<sup>6</sup> It should be kept in mind that FRONTEX is not responsible for the control and monitoring of the EU's external borders. Individual States consider such control a prerogative of national sovereignty. The mission of FRONTEX is to provide assistance whenever a Member State requests it. FRONTEX's assistance to Member States includes border patrol duties (European Patrol Network), the coordination of repatriation flights and research on border control and monitoring.

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<sup>7</sup> A prime example of a country whose commitment has waxed and waned is Morocco, which tends to cooperate on the basis of EU concessions in other areas of interest.



However, instead of broadening their approach to migration and considering this option, European governments have devoted their efforts exclusively to ensuring that countries of origin and transit do their best to prevent migrants from attempting to reach Europe.

On the other hand, in those instances in which law enforcement agencies in countries of origin and transit have suppressed migration flows most efficiently, the methods they have used have been denounced by human rights organisations – circumstances that the EU and its Member States have attempted to ignore as if these situations were none of their concern. But they are of their concern, given that these law enforcement agencies are providing a service to the EU that is being paid for with EU funds channelled through a number of projects. While European rhetoric on the subject holds that countries of origin and transit should control migratory flows on their own as a demonstration of good governance practices, it would do well to remember that no international human rights treaty states that countries are under the obligation to prevent their citizens from leaving their territories or to impede the transit of others. To the contrary, Article 13 of the Universal Declaration of Human Rights states that everyone has the right to leave any country, including his or her own. If we ask these countries to contravene this right and pay them to do so, we must assume responsibility for the methods they employ.

Other weakness in the rhetoric on the ‘fight against illegal immigration’ is the manner in which it deflects responsibility onto smugglers. The fight to prevent immigrants from reaching European territory is disguised as a struggle against smugglers: in other words, a war carried out in defence of immigrants who are portrayed as victims of smuggling networks. The European

Commission stated in the aforementioned Communication of 2013, “International organised crime networks exploit the desire of migrants to achieve a better life” (COM(2013) 869, p. 14), as though migrants were somehow hoodwinked individuals who did not know whether they wanted to move from one place to another. While it is obvious that measures against those who are making money out of human smuggling must be a strong part of migratory policy, we must also insist once again that these efforts must be accompanied by the opening of migratory channels other than those offered by smugglers.

## Human trafficking

Human trafficking merits its own discussion. The victims of human trafficking are, indeed, deceived and forced, and they often cross borders against their will. Fortunately, the approach that has been taken in the fight against human trafficking has been quite different from that applied to the fight against the immigrant smuggling.<sup>8</sup> The EU issued a Directive on this subject on 2011<sup>9</sup> that focused on the prevention of human trafficking and the protection of its victims (which includes the provision of adequate and safe housing, medical assistance and material support, legal representation and advice, non-criminalisation, and access to witness protection and compensation programmes), the transposition deadline of which expired on 6

<sup>8</sup> It must be kept in mind that the same criminal organisation may be engaged not only in human trafficking by also immigrant smuggling, arms trafficking, money laundering, etc.

<sup>9</sup> Directive 2011/36/UE of the European Parliament and the Council of 5 April 2011 on Preventing and Combating Trafficking in Human Beings and Protecting its Victims.



April 2013. The Commission strengthened this Directive in another Communication issued in 2012<sup>10</sup> that set clear priorities: identifying, protecting, and assisting victims of trafficking; stepping up the prevention of trafficking of human beings; increased prosecution of traffickers; enhanced coordination and cooperation among key actors and policy coherence; and increased knowledge of and effective response to emerging concerns related to all forms of trafficking in human beings.

Despite the clarity of these directives issued by the European Commission, the outcomes of the implementation of measures against trafficking have varied widely from one Member State to another. All too frequently victims of trafficking end up in detention centres because law enforcement agencies have failed to make the distinction between trafficking and irregular immigration. Efforts to identify victims and, in many cases, the protection and assistance they are provided once they have been identified continue to be inadequate. The number of sentences actually handed down is very low in proportion to the number of individuals charged with human trafficking. (As an example, only four sentences were imposed in Spain during 2013).

Member States had an opportunity to demonstrate their commitment to the fight against human trafficking by fulfilling their obligation to transpose the EC Directive by the April 6, 2013 deadline. However, in May 2013 the Commission was obliged to summon 13 States that had failed to meet the April deadline. As of December of that year, four States (Cyprus, Spain, Italy and Luxembourg) had yet to notify

the Commission of their transposition of this Directive, forcing the Commission to summon them once again and issue sanctions warnings to ensure that they fulfilled their obligations regarding European legislation on human trafficking.

## Right to asylum

The development of European policies on asylum has followed lines similar to those pursued in its policies on immigration. The various Directives and Regulations approved since beginning of the creation of a European framework for asylum in 2000 have been focused on such areas as the harmonisation of procedures for processing applications for asylum, the implementation of common European statutes on asylum and subsidiary protection, the application of the Dublin Convention (which determines the EU Member State responsible for examining an application for asylum and was recast as the Dublin II Regulation in 2003), temporary protection for mass flows of refugees, the creation of the EURODAC fingerprint database, and the establishment of common rules for the reception of asylum-seekers. Furthermore, the European Asylum Support Office (EASO) was established in 2010.<sup>11</sup> While these regulations and instruments constitute a wide-ranging *acquis communautaire* on asylum that addresses all relevant issues, legislation and practices have yet to be fully harmonised throughout the Union. The current regulations on asylum and immigration suffer from similar problems: they are both ambiguous on certain

<sup>10</sup> COM(2012) 286 final of 19 June on the EU Strategy towards the Eradication of Trafficking in Human Beings 2012-2016.

<sup>11</sup> Regulation (EU) 439/2010 of the European Parliament and the Council of 19 May 2010 establishing a European Asylum Support Office.

points and allow excessive discretion in terms of their application. Although the European Commission has pushed for clearer regulation, the proposals it has sent to the European Council for approval have been subject to horse-trading between Member States and the final Directives and Regulations accepted have granted excessive discretion and permit Member States to engage in varying – and occasionally contradictory – practices.

The approval of modifications to two Regulations (those pertaining to EURODAC<sup>12</sup> and the implementation of the Dublin II Regulation<sup>13</sup>) and two Directives (one on procedures<sup>14</sup> and the other on conditions of reception<sup>15</sup>) and their consolidation into a single document in 2013 marked an important step forward. Although the stipulated deadline for States to transpose the recast ‘asylum package’ into national law is 20 June 2015, it is hoped that transposition is accomplished, new standards implemented as soon as possible and no extra discretionary exceptions imposed by uncompromising Member States.

The new regulation has produced significant improvements in various areas. For example, it limits the range of circumstances under which

accelerated procedures may be used; prohibits the systematic detention of asylum-seekers (which had occurred previously in some Member States) and restricts this practice to exceptional and well-defined situations; grants more rights to minors and vulnerable individuals (although it continues to permit the return of unaccompanied minors at border crossings, one of the negative points of this legislation); approximates to a large extent the rights granted to all beneficiaries of international protection (recognised refugees and recipients of subsidiary protection); and recognises the persecution of an individual for his or her gender identity (and as previously established, sexual orientation) as legitimate grounds for seeking asylum.

Despite this progress, those desiring to exercise their right of asylum continue to face an almost insurmountable barrier: the tremendous difficulty of reaching the place in which they must apply for asylum status. It must be kept in mind that no European country allows their embassies and consulates in third countries to accept applications for asylum, meaning that asylum-seekers must enter the territory of a member State in order to present an application for asylum. However, this has become more and more difficult due to the measures taken in the ‘fight against illegal immigration’. The walls and fences constructed in Ceuta and Melilla in Spain and Evros in Greece, sanctions against transport companies that carry individuals without visas or proper documentation across an EU border (although, for obvious reasons, asylum-seekers cannot obtain such documentation), implication of law enforcement agencies in transit countries in the frustration of attempts to reach Europe and other measures implemented to combat irregular immigration are eroding the right to asylum because they prevent people seeking asylum status in EU countries from entering EU territory.

<sup>12</sup> Regulation (UE) 603/2013 of the European Parliament and the Council of 26 June 2013 on the establishment of the EURODAC system for the comparison of fingerprints.

<sup>13</sup> Regulation (UE) 604/2013 of the European Parliament and the Council of 26 June 2013 that lays down criteria to determine which Member State is responsible for examining an asylum application presented in one of the Member States by the national of a third country or a stateless person.

<sup>14</sup> Directive 2013/32/UE of the European Parliament and the Council of 26 June 2013 on common procedures for granting and withdrawing international protection (refugee status).

<sup>15</sup> Directive 2013/33/UE of the European Parliament and the Council of 26 June 2013 that lays down common standards for the reception and treatment of asylum seekers.

An average of 5,000 refugees fled the war in Syria every day in 2013. By the end of that year, 2,400,000 Syrians had left their homeland. For anyone who has ever wondered where they went, how many were received by EU countries, and if there were more Syrian refugees in countries with the resources to provide for them or more in countries that lacked the resources to do so, the figures are very enlightening. Of the total refugees who fled the war in Syria, 97% were concentrated in five countries, none of which were well-off Western states. Lebanon received 850,000, Jordan 575,000 (the 125,000 refugees in the Zaatari refugee camp has made it the country's fourth largest in terms of population), Iraq 210,000, Turkey 600,000 and Egypt 130,000. In contrast, on the same date, there were 70,786 Syrian asylum-seekers scattered throughout the 28 countries of the European Union – less than 3% of the total that had fled Syria. This is terrifying evidence that measures taken to combat illegal immigration are not only

reducing flows of economic migrants but also preventing refugees forced to flee a war zone from seeking asylum in Europe.

In an attempt to rebalance the unequal asylum burdens borne by rich and poor countries during refugee crisis situations such as that provoked by the war in Syria, the UNHCR has implemented settlement programmes that help refugees relocate to safe third countries. The European Union has strongly supported the UNHCR initiative and urged Member States to participate. In the instance of the Syrian refugee crisis, after prolonged negotiations Member States finally arrived at a consensus regarding the number of refugees to be allowed to enter the European Union during the period 2013-2014: 14,285 out of the 2,400,000 temporarily residing in low-income receiver countries – a figure that attests to the wavering support for asylum rights in today's Europe.

# Trade union and social mobilisation in Europe: 2013

F. Javier Doz Orrit

Since the start of the economic crisis, and in particular since the Greek crisis and the adoption of austerity by the European Council (2010), the European trade union movement has led general mobilisations at both the national and the European level to oppose these policies. The period until the end of 2013 saw more strikes and national days of action than in any other period since the end of World War II. This was particularly true in the countries most affected by spending cuts, welfare cuts and employment reforms – the south of Europe – but was not restricted to this region. There have also been Europe-wide mobilisations, called by the European Confederation of Trade Unions (ETUC), which have taken the form of decentralised European demonstrations and days of action, sometimes coordinated with broader mobilisations in individual countries.

These actions have coincided with a major reduction in industrial action calling for pay rises or improved employment conditions within the framework of collective bargaining. This trend had already been observed during the first decade of the 21st century as compared to the final decade of the 20th, the two periods for which a reliable analysis of comparable statistics is

available. However, many countries saw a rise in actions to defend employment threatened by the restructuring or closure of companies. The map of trade union mobilisations since the start of the economic crisis is very varied (as indeed it was before the crisis). This diversity reflects both the widely differing impact of the crisis and the effects of austerity policies, and also the various national traditions of trade union action. The majority of general mobilisations have taken place in the countries of southern Europe, and in some countries in central and eastern Europe, although there have also been actions in other states, such as the United Kingdom, which saw general mobilisations in 2011 and 2012.

## **The attack on the European Social Model**

The extent of the changes since the start of the crisis (2008) on the rules that govern industrial relations and collective bargaining and on employment law is reflected in **Table 1**, compiled by the European Trade Union Institute (ETUI, 2014). This is unprecedented in the history of the EU.

The principle areas affected are working time, atypical contracts (temporary, part time,

agency contracts), dismissal (ease and compensation) and collective bargaining. The aim has been to pursue competitiveness and productivity through the reduction of labour costs and increased flexibility (not negotiated, in many cases). There is no evidence of a correlation between these factors (them being the path to increased competitiveness and productivity, on the one hand, and the worsening of working conditions, on the other) in the most successful European economies. Changes announced as temporary tend to be permanent. Although these reforms are generalised, their scope and scale is far greater in the countries of southern and eastern Europe, and this exacerbates the continent’s social divide.

The interventionism of EU institutions in determining salaries and in collective bargaining, fields which do not lie within the competencies of the EU, has been far-reaching. This is reflect-

ed, for the period 2011–2013, in **Table 2** of the ETUI (2014), based on Schulten and Müller (2013). Some of the regressive regulatory changes are prescriptions established in the *troika’s* Memorandum of Understanding for countries receiving bailouts, including Spain, which received bank rescue funds. Others are contained in the European Semester Country-Specific Recommendations. The measures imposed or recommended have significantly weakened collective bargaining and its legal basis in the following countries: Ireland, Romania, Greece, Portugal, Hungary, Italy and Spain (ETUI, 2014, 75). In the most extreme cases (Ireland and Romania) EU measures have imposed the abolition of national collective agreements. In others, they have promoted unilateral modifications by employers on these agreements and decentralisation in favour of company agreements, have sought to curtail

**Table 1.** Announced and/or adopted changes to industrial relations/collective bargaining systems and certain aspects of labour law

	AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	GR	HR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK	
Reform of Industrial relations and collective bargaining systems (incl. decentralisation of CB)		•	•	•				•	•	•	•	•	•	•	•	•		•			•	•	•	•			•		
Changes to individual/collective dismissal rules		•		•	•			•	•		•	•	•	•		•	•		•		•	•	•	•	•	•	•	•	•
Changes to working time legislation	•	•			•	•	•		•		•	•		•	•	•	•	•	•		•	•	•	•	•	•	•	•	•
Changes to rules on atypical contracts	•	•	•		•	•	•	•	•	•	•		•	•	•	•	•		•		•	•	•	•	•	•	•	•	•
Creation of new types of contract in particular for youth		•	•		•	•		•	•		•	•	•	•		•	•	•	•		•	•	•	•	•	•	•	•	•

**Source:** ETUI own research.  
**Note:** No data available for Malta.

**Table 2.** New EU wage policy interventionism: recommendations in the field of wages and collective bargaining

Recommendations in the field of wages and collective bargaining	European Semester (CSRs)	Troika / IMF (MoUs/SBAs)
Wage restraint	BG, FI (2012), IT, SI	
Restrictive minimum wage developments	FR, SI	
Freezes/cuts of minimum wage		GR, IE, LV, PT, RO
Freezes/cuts of public sector wages		GR, IE, HU, LV, PT, RO
Freezes of private sector wages		GR
Higher wage dispersion at the lower end of the wage scale	SE	
Wage developments in the line with productivity	DE, FI (2013)	
Decentralisation of collective bargaining	BE, ES, IT	GR, PT, RO
Stricter rules for extension of collective agreements		CY (since 2013)
Reform/abolition of wage indexation	BE, CY, LU, MT	

**Source:** Schulten and Müller (2013a, 299).

the continuing validity of existing collective agreements, and have permitted agreements with “groups of workers” instead of with trade unions.

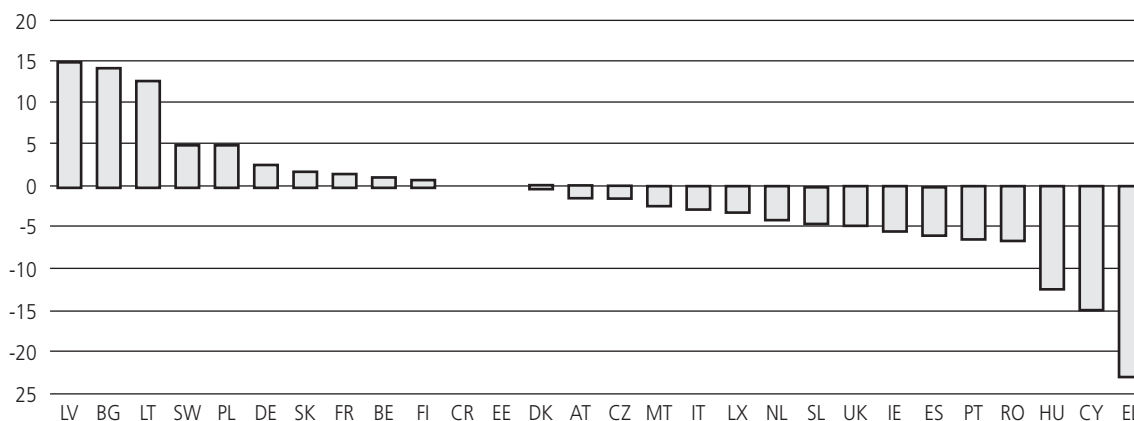
Internal devaluation, which has such negative consequences for the recovery of the European economy, has primarily taken the form of salary devaluation. There has been a political decision to weaken collective bargaining in the context of mass unemployment. **Figure 1** (ETUI, 2014, 77) shows how in 18 of the member states of the EU real average salaries have fallen between 2009 and 2013: drastically in Greece, Cyprus and Hungary and very significantly (5% or more) in Romania, Portugal, Spain, Ireland, the United Kingdom and Slovakia. In addition, hourly minimum salaries have fallen in 9 of 23 countries studied: Greece, Cyprus, the United Kingdom, Spain, Estonia, Ireland, Lithuania, the Netherlands and Belgium. Again, this has been a drastic 28 % fall in Greece. (ETUI 2014, 73) Finally, it should be noted that the earnings of public employees have fallen in nominal or real terms, either through salary reductions (in the majority of cases) or through the loss of bonuses or additional

payments in 19 of the 28 countries of the EU,<sup>1</sup> both in those countries subject to the conditions of the *troika* or the IMF (9) and in others (11).

### The trade union response

When it comes to objective data on the scale of the trade union response, we come up against a surprising fact: the statistics on the number of strikes and working days lost are only available with years of delay, do not exist or are not reliable. The authorities of various countries, in particular in southern Europe, seem not to want them to be known. “Official information regarding strike action has been ‘suspended’ in the case of Portugal (since 2007), or is not available at all in Greece (since 1999) or Italy (since 2010). For several other countries, the most recent data has been lost or has not even been collected” (ETUI, 2014, 80). I have analysed the leading database in this area, the ILO’s ILOSTAT

<sup>1</sup> The 19 states in which the nominal or real salaries of public employees have fallen are: GR, LV, HU, RO (between 15% and 30%), ES, IE, IT, PO (more than 10%), CY, CZ, DK, EE, FR, LT, PL, SI, UK, NL and SK. Source ETUI (2014, 71).



Source: Authors' calculations based on Ameco (version November 2013).

**Figure 1.** Development of real wages in EU28, 2009–2013 (2009 = 100)

database, and confirmed that the most recent data only covers some European countries in 2012, while the figures for Spain are significantly underestimated.

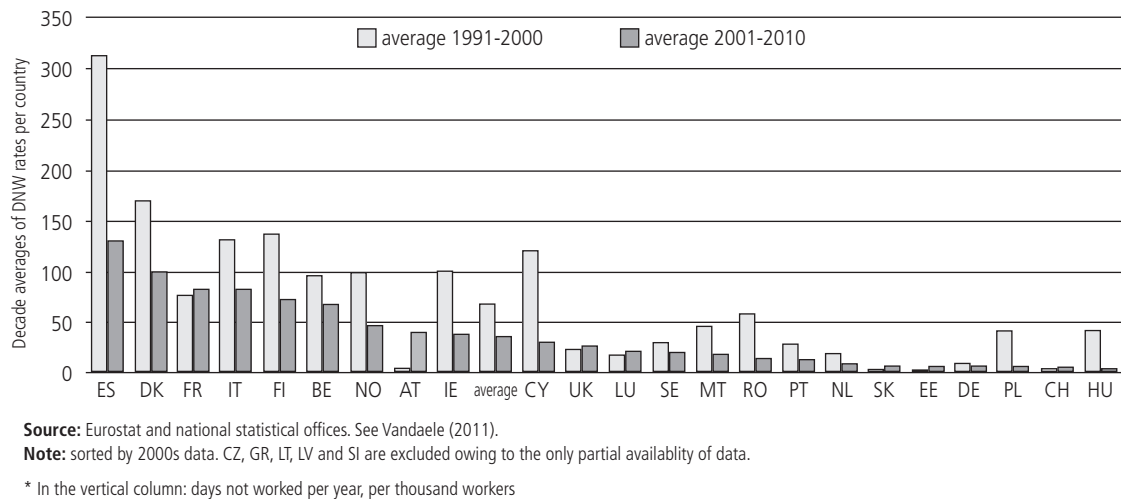
I have therefore preferred to offer more reliable figures for the two preceding decades, so as to evaluate the trend and any changes to it since the start of the crisis. **Figure 2** compares the average numbers of days not worked due to strikes during the 1990s with the figure for the 2000s (ETUI, 2013, 94). There is a clear reduction in the number of days not worked due to strikes during the 2000s. Spain is out ahead by a considerable margin. Only in seven of the 23 countries analysed did the number of days not worked increase.<sup>2</sup>

The trend observed during the decade 2000–2009 changes in the period 2010–2013 in countries where there have been general strikes and general strikes in the public sector or gen-

eral mobilisation days including partial stoppages at work. The period has the highest number of general strikes since the end of World War II, with 37 in total, although it should be noted that 26 of these occurred in Greece.

During 2013 there were seven general strikes, five in Greece and two in Portugal. In both cases these were protesting against the consequences for employment, pensions and other social provisions of the conditions imposed by the *troika* in its rescue plans, and demanded other policies to generate growth and jobs and to restore social protection. The previous year had seen the highest number of this type of action, involving five countries (Greece, Spain, Portugal, Italy and Belgium). And in 2011 and 2012 the United Kingdom saw general strikes of public employees against the reform of their pension systems. On 14 November 2012, under the auspices of the ETUC, there were general strikes in Spain, Greece, Italy and Portugal and mass action in a total of 28 countries (including Switzerland). This was the largest 'European' action to date.

<sup>2</sup> They were: Austria, France, Luxembourg, United Kingdom, Slovakia, Estonia and Switzerland, although in the last three both the increase and the total number were very low.



**Figure 2.** Comparison of average days not worked rates (DNW) in the 1990s and 2000s in 23 European countries[\*]

To make up for the statistical void for 2013, I have conducted a qualitative study of 141 strikes in 22 EU countries (**Table 3**), on the basis that these were the ones mentioned in the Collective Bargaining Newsletter (ETUI, 2013) and in Euronews (2013). Although this criterion involves distortions of its own that rule out any quantitative analysis (for example, a strike in Germany receives more coverage than one in another country), the reliability of the two sources and the cross-checking of data means that they can be used as the basis for a qualitative analysis. The variables regarding types of strike were: general, sectorial or company-specific; public or private sector; and offensive or defensive. I consider 'offensive' actions to be those designed to achieve improvements in salary and/or conditions of employment, employment legislation, social provisions, etc. through collective bargaining, social dialogue or other means (directly political, for example). 'Defensive' actions have predominated since the start of the crisis. The actions covered by the study were motivated by: the freezing, reduc-

tion or non-payment of salaries and pensions; increases in the working day, increased rate of work or other unagreed changes to the organisation of work; other negative changes to the conditions of employment or failure to comply with collective agreements; redundancies and restructuring; changes to employment legislation regarding collective bargaining and social dialogue, pension legislation, and other rights and social provisions that involve cuts to rights and/or provisions; privatisations, cuts and legislative changes regarding basic public services (education, health etc.) which, in addition to their impact on salaries, working hours and employment, have affected the quality of these services and their universal nature; and the outsourcing of jobs, both abroad (contracts with companies in other EU countries) and at home (contracts with employment agencies), which fails to respect the salaries established by collective agreements or even domestic legislation, etc.

Such actions by governments and employers' organisations have grown exponentially in



**Table 3.** Analysis of 141 strikes in 22 EU countries in 2013

Country/Type of Strike	Comp.	Sect.	Gen.	Pub.	Priv.	Def.	Off.	Total
Germany	8	5	–	3	10	3	10	13
Austria	–	1	–	–	–	–	1	1
Belgium	4	1	–	3	2	5	–	5
Bulgaria	–	2	–	–	2	2	–	2
Cyprus	–	5	–	2	3	4	1	5
Croatia	3	2	–	3	2	5	–	5
Denmark	–	1	–	1	–	1	–	1
Slovenia	1	6	–	3	4	5	2	7
Spain	8	6	–	5	9	14	–	14
Finland	3	–	–	1	2	2	1	3
France	8	8	–	8	8	13	3	16
Greece	2	13	5	14	1	20	–	20
Hungary	–	2	–	2	–	1	1	2
Ireland	3	2	–	2	3	1	4	5
Italy	5	4	–	4	5	9	–	9
Netherlands	3	1	–	–	4	3	1	4
Poland	–	–	1 (*)	–	–	1	–	1
Portugal	4	5	1	7	2	10	–	10
United Kingdom	7	5	–	7	5	9	3	12
Czech Rep.	1	–	–	–	1	1	–	1
Romania	4	–	–	2	2	3	1	4
Sweden	1	–	–	1	–	–	1	1
<b>Total</b>	<b>65</b>	<b>69</b>	<b>7</b>	<b>68</b>	<b>66</b>	<b>112</b>	<b>29</b>	<b>141</b>
<b>% of total</b>	<b>46.1</b>	<b>48.9</b>	<b>5.0</b>	<b>48.2</b>	<b>46.8</b>	<b>79.4</b>	<b>20.6</b>	<b>100</b>

Source: Based on information from ETUI (Collective Bargaining Newsletter) and Euronews.

\* Strike lasting two hours in the Silesia region (26 March).

Europe since the start of the crisis, and are the reason why 79.4% of strikes were 'defensive' and only 20.6% were 'offensive' (although six of these, 4.3 % of the total, also included defensive aspects). Based on the number of workers participating, the proportion of 'defensive' actions was much higher, as 'offensive' actions were primarily company-specific. One striking fact was that of the 53 strikes studied in Greece, Spain and Italy all were 'defensive'. The number of participants was concentrated, due to the size of the general and industry-wide strikes, in these four countries plus France. Strikes for non-payment of salaries have been frequent occurrences in Romania, Bulgaria and Croatia. Using the criterion of number of participants,

participation was strongly weighted towards the public sector. General strikes of public employees or those working in education, health and transport, or of smaller groups such as the police or firefighters, have caused hundreds of thousands of days lost in countries such as Greece, Portugal, Spain, France, Italy and, to a lesser degree, the United Kingdom.

'Offensive' strikes were concentrated in Germany, Sweden, Denmark and Ireland, although they also occurred in France and the United Kingdom to a lesser degree. The majority of these were company disputes. The case of Germany reflects the logic of the reactivation of salary demands by the German trade union confederation, the DGB, following the restraint of

the preceding period. When negotiating national collective agreements, both Verdi (the services union) and IG.Metall have obtained above-inflation salary rises by threatening strike action only.

The rulings of the European Court of Justice (in the cases of Laval, Viking and others) established the prevalence of companies' freedom of operation over the rights to collective bargaining and strike action recognised in the Charter of Fundamental Rights. This has provided support for the recruitment of foreign workers on conditions inferior to those established in the agreements, taking advantage of the weakness of the Posting of Workers Directive (1996). Failure to comply with collective agreements, exacerbated in countries where there is no legal minimum salary, has also given rise to a growing number of conflicts. 'Social dumping' has taken a number of forms: the hiring of staff for individual projects by the public sector, subcontracting, or hiring through employment agencies. In the sample studied, there were five strikes due to these practices in Germany, Finland, France, Italy and the Netherlands.

### Resorting to legal action

Trade unions have taken a number of legal actions due to the violation of national constitutions and laws or European and international rules since the start of the crisis. This has included the ILO's Committee on Freedom of Association, to which the governments of Greece, Ireland, Spain and Portugal have been reported for the violation of fundamental conventions. And the European Court of Justice (EU) and the European Court of Human Rights (Council of Europe), to which Portugal, Ireland, Latvia, Romania and Greece have been reported for violation of the Charter of Fundamental

Rights of the European Union and the revised European Social Charter. The results have been variable, with a decision still to be reached in many cases. The Committee on Freedom of Association of the ILO found evidence of clear violations of conventions 87 and 98 (freedom of association) by the Greek government for the suspension and repeal of collective agreements, and the modification of legislation on collective bargaining at the urging of the *troika* (ETUI, 2014, 65). However, Europe's political leaders have greeted this ruling with complete indifference.

There have been legal proceedings against the measures used to implement the policy of austerity in the ordinary and constitutional courts of 14 states of the EU.<sup>3</sup> In 2013, the Constitutional Court of Portugal issued three major rulings annulling the government's decisions and cutbacks, imposed by the *troika*, with regard to pensions, public sector redundancies, unemployment insurance and certain cuts in health and education. The government sought alternative cuts or formulae for some of these. There have also been examples of successful legal action in Spain: the appeal by the association of medical specialists, AFEM, against the privatisation of health care in the Madrid Region that successfully brought it to a halt; or action by trade union federations regarding the payment of salary supplements to public employees.

### European mobilisations. The role of ETUC

During 2013 the European Trade Union Confederation (ETUC) called three, decentral-

<sup>3</sup> Listed by their official abbreviations, these are: AT, BG, DE, EE, EL, ES, IE, IT, LT, HU, NL, PL, PT and RO.

ised actions on the eve of the Council summits in March and June, and also in November. These took the form of demonstrations, with the largest in Spain, Italy and Belgium. In Spain, the union confederations and 'Cumbre Social' (Social Summit) called demonstrations in the main Spanish cities (between 40 and 60, depending on the dates). The June actions (from the 10th to the 16th) were called by a variety of European social movement platforms and networks, such as Alter Summit, focusing on the demonstration in Brussels before the Council summit. The calls to action all focused on the rejection of austerity policies and cuts to social and employment rights, while also making proposals for growth, employment, tax burdens and a more democratic and social Europe.

Between 2012 and 2013 the ETUC conducted an internal debate process that led to the formulation of proposals reflecting both its unequivocally pro-European stance and its unwavering opposition to current European policies, despite the growing distrust and euroscepticism among rank-and-file members of its affiliate organisations. It has not been a straightforward process, given the cultural and political diversity of EU states and the growing influence of the different varieties and levels of nationalism which inevitably influence trade unions, together with the diversity of trade union culture itself. However, the result is that the ETUC is the only political or social organisation of a European nature that, from an unequivocally pro-European perspective, formulates unified positions for all countries on key aspects of European policy in the fields of economics, legislation and social policy. The principal element driving this unification process is the alliance between the trade unions of southern Europe and Belgium with those of the German DGB federation and the individual unions that this influences in central and eastern Europe.

The key proposals relate to the New European Social Contract and the Plan for European Investment (ETUC-CES, 2013). The first of these proposals starts from the observation that the European social contract, which provided the foundation for the construction of welfare states following World War II, and subsequently for the establishment of the EU itself, has been broken. A New Contract needs to re-establish social dialogue and collective bargaining (with the autonomy of all parties) at both a European and national level, together with basic social and employment rights, guaranteed by treaty (as a minimum, by means of a Social Progress Clause). It also raises demands for tax harmonisation and the democratisation of economic government, the implementation of which would probably require other treaty reforms. The second major proposal is designed to drive an equitable economic recovery and to deliver a change in the productive model based on reindustrialisation and sustainable activities. Following the DGB document "A new Marshall Plan for Europe" (DGB, 2012), this sets out what, in my opinion, is a rigorous proposal for how and where 2% of European GDP could be invested over a period of ten years (equivalent to a sum of 250 billion euros per year), with initial capital and leveraging from the European Investment Bank (EIB) and additional funding from the implementation of a financial transfer tax, and supported by Eurobonds and guaranteed by the ECB, in order to create 11 million jobs.

Some of the more pro-European unions, such as those in Spain and Italy, argue that if the EU is to recover the trust of the majority of its citizens the changes required will be so far-reaching, with regard to economic governance and the social and democratic aspects, that they should take the form of a "political refounda-

tion of Europe”, with the model of a federation of states as the end goal.

ETUC has made a serious effort to create a unified programme based on concrete proposals, no easy task when one compares it with what has happened in the political arena. However, it has not been able to construct a European alliance of forces, by coordinating national movements, which is strong enough to stop or reverse the policies that have led to a significant decline in the salaries and rights of a large proportion of European workers. Although there has been talk among the leadership of a European general strike, the ETUC is very far from being able to call such an action.

### **General and sector-specific mobilisations in individual countries. The connection with social movements**

Strikes and mass demonstrations have been common, even in countries where the tradition of such action is weaker. There have been several general days of action, and also major mobilisations of public employees, teachers and health workers. In addition to the general strikes identified above, we have counted 42 major days of action in 14 countries. Once again, the list is led by the countries of southern Europe (Greece, Portugal, Spain, Italy, France) but also includes others such as Belgium, Austria, Poland, Hungary, Romania and Bulgaria.

The strikes and demonstrations by the educational and health sector, the most frequent in 2013, have also mobilised other sectors of society. In education, where there has been the highest level of activity, teachers’ unions have joined forces with parents’ and with students’ organisations demanding high quality education and an end to cuts. In Spain, where there

have been two major days of strikes and demonstrations (May and October) across the education system, against cuts and the new education law (LOMCE), both actions were called by all three sectors, and were supported by broader platforms. Without reaching these levels, the support of different sectors of the education community has also been very visible in the majority of the other eleven countries, with the largest actions taking place in Portugal, France, Greece, Austria, Hungary, Ireland, Croatia and, in the German context, in Berlin.

The process of mobilising the public health sector in the Madrid Region (prolonged strikes, mass demonstrations, and legal appeals) against the proposed privatisation of the management of hospitals, organised by a movement of doctors – supported by health sector unions – should be held up as an example of how to run a complex and ultimately successful campaign against privatisation.

### **Social mobilisations**

It is impossible, within the scope of this article, to reflect the huge range and complexity of the social movements (both traditional and new) that have arisen in Europe since the start of the economic crisis. All we can do here is sketch out some of the responses, which range from anti-system movements and organisations to institutionally recognised NGOs that are in dialogue with national governments and European institutions. The new social movements analysed by Castells (2013) and others share key features with the movements that supported the Arab revolutions or the 2011 movement of the *indignados* in Spain: spontaneity and informality; use of the internet, social networks and mobile devices; open decision-making, an absence of

clear leaders and so on. At their height, these social movements succeeded in mobilising the support of broad sectors of the population. While more traditional ones and political NGOs have supported a wide range of positions on both national and European issues, the new social movements, due to their very nature, tend to have less clearly defined and more ambiguous positions on some of the major European questions. Of a strongly political nature, they have tended to cluster around radical criticism not of the democratic system itself but rather of its current parliamentary form, ossified and with authoritarian tendencies, and of its main agents, the political parties; and a part of these movements extends this criticism to trade unions and other institutionalized social organisations. The new movements of the era of social networks, with the inevitable fluctuations, have generally retained majority support from the public as a whole because their criticism of the behaviour of political and economic elites connects with the opinions and sentiments of the wider population. However, as their support has ebbed as an inevitable consequence of their rejection of structured organisation, these positions have radicalised and have often been influenced by groups with an anarchist or extreme-left ideology exerting varying degrees of influence within these movements. In the majority of European countries where traditional anti-systemic movements exist, these have not significantly increased their own actions in this period. While some of their members have been active in the new social movements, these new movements have also drawn in a wide and very diverse range of people, including many young people with no previous political experience.

One of the most widely reported conflicts in 2013, the rioting in the suburb of Husby in Stockholm, on 19 May, triggered by the death

of a Portuguese immigrant at the hands of the police, which spread to other towns in Sweden, lies outside of the framework of the study of organised social movements. These violent, unstructured actions, like those seen in France, the United Kingdom and other European countries, have their roots in a set of problems related to culturally differentiated immigrant groups who are not integrated and have been hit particularly hard by the crisis. However, it should be noted that these, too, featured social networks and mobile devices.

In Portugal, a new movement appeared in 2013, emulating the capacity for mobilisation of the Spanish *indignados*. On 2 March, Lisbon hosted what some observers have described as the largest demonstration in Portuguese history. There were demonstrations in 40 other cities. Singing the *Grandola Vila morena*, a song originally associated with the Carnation Revolution that overthrew the Portuguese dictatorship in 1974, they demanded an end to austerity and cuts, the exit of the *troika* and the resignation of the government. It was called by the newly created “*Stuff the troika*” movement, which displays all the characteristics of the networked movements discussed above, but was also supported by trade unions and left-wing parties. It called a series of actions throughout the year, and took part in trade union mobilisations. If we compare it with the Spanish *indignados*, the Portuguese movement has a higher participation of individual political and trade union activists, in particular from the Portuguese Communist Party, Left Block and the CGTP trade union confederation. These movements are typified, to a varying degree, by left-wing ideological references and policies.

A very different phenomenon is presented by the 5 Star Movement, led by Beppe Grillo, which obtained 25.5% of the vote in the elec-

tions for the lower house of the Italian Parliament, making it Italy's largest single party. However, its actions and its European contacts also connect it to social network movements.

There are numerous examples of platforms, movements and organisations addressing specific issues (the environmental movement and its various expressions alone could provide the basis for a specific study). I will mention two: the network of platforms fighting for a tax on financial transactions and an end to tax havens which, with different names in each country (*Robin Hood Tax* among others), brings together trade unions, social organisations and NGOs; and, in Spain, the Platform of Mortgage Victims (PAH), which combines political demands (and the carrying out of organized resistance to evictions) with support for families affected by one of the most serious effects of the crisis. In 2013 the public denunciation of politicians became widespread, and campaigners were successful in resisting attempts to criminalise such actions. They continue to receive broad support from public opinion.

At the national level, the types of organisations and social movements and their relationships with trade unions are varied and complex. Leaving aside those who explicitly oppose 'the system', there are various types, with the greatest variety probably to be found in Spain. The Cumbre Social or Social Summit (140 organisations and networks promoted by the CCOO, UGT and USO trade union confederations) supports initiatives called by trade unions and other movements, such as the *mareas* (tides) or 'dignity marches'. The 'tides' are another type of movement, of which the most important in Spain have been the 'white tide' (closely linked to the mobilisation of the health sector in Madrid) and the 'green tide' (yellow in Catalonia) in the education sector. Both have combined

with trade union and social mobilisations, while retaining – particularly in the case of the 'green tide' – approaches inherited from the *indignados* activists. And then there are movements that have come out of the *indignados* movement itself (Coordinadora 25S, occupy/surround Parliament etc.), with a varied regional presence and a clear distrust of the unions. These continued to have a presence on the streets in 2013, although their impact was less than it had previously been. Now, inspired by a movement that first appeared in Extremadura in 2013, the focus of mass mobilisation has shifted onto the 'Dignity marches', with the increased presence of left-wing political and social organisations.

### European platforms

We are referring here solely to the European platforms of social and/or non-governmental organisations of a general political kind. The European Social Forum (ESF), inspired by the World Social Forum in Porto Alegre (Brazil), has not been active during 2013. However, *Firenze 10+10* (4,000 participants, 300 networks and organisations from 28 countries, according to its organisers) was held in 2012 to commemorate the 10th anniversary of the first ESF in Florence. At that event, it was decided to support the *Alter Summit* meeting organised in Athens on 7 and 8 June 2013, attended by thousands of people and confirmed as the European focus for political social movements. Today, *Alter Summit*, in which the European network Attac plays a unifying role, brings together 180 European organisations and networks from 21 countries (including Norway, Serbia and Iceland). These include 27 European networks and 44 trade union organisations (40 national unions and federations and 4 European

ones, including ETUC). The Spanish unions represented are CCOO, USO, ELA, CIG and Intersindical, while the German organisations are IGMetall, Verdi, GEW and the youth section of the DGB.

While the European Social Forum has been gravitating towards the more radical wing of the anti-globalisation movement, Alter Summit is keen to maintain strong links with trade unions and the ETUC. It is committed to the EU from the perspective of “a different Europe”, which would require, in its opinion, a radical transformation of its current political and legal structures and, of course, of its policies. In this respect it goes further than the ETUC. It talks about a Europe of solidarity and social justice, one that is democratic, ecological, social and feminist. It criticises the policies of austerity and privatisation of public services, and the anti-democratic manner in which Europe’s political and economic elites exercise power. In addition to defending public services, creating jobs and combating job insecurity, it calls for a “real democracy” that includes participatory and direct democracy, together with a demand to “end debt slavery” which contains some rather ambiguous claims. Following the mass meeting in Athens, a working plan was drawn up focusing on three issues: direct opposition to the negotiation of the transatlantic trade and investment partnership (TTIP) between the EU and the USA; the rolling back of the policies of the *troika* and their social and employment consequences; and

opposition to the parties and movements of the far right. As part of its aim to act as a link between trade union and social movements, Alter Summit calls or supports a wide range of both European and national mobilisations.

Trade unions and social organisations and movements continued to play a key role in the struggle against austerity policies, structural ‘reforms’ and internal devaluation and their social consequences throughout 2013. However, although these campaigns have occasionally come together at a Europe-wide level, they have remained primarily national in scope. As a result, their influence on European decisions has been limited, although they have achieved isolated local victories. The new type of social movements has succeeded in mobilising broad swathes of society in some countries. However, due to their very nature they have not been capable of building a political alternative (and nor could they reasonably be expected to do so) a challenge made more difficult by a lack of trust in and weak connections with existing political parties. As Castells (2013, 19) says: “Trust is what holds a society, the market and institutions together. Without trust, nothing works. Without trust, the social contract dissolves and society disappears, transforming itself into a collection of embattled individuals struggling to survive.” This combination of mistrust, misunderstanding and powerlessness is an essential part of the great European crisis, which is political in nature.

# Economy and social model





# Economic performance and outlook in the eurozone: progress towards the completion of economic and monetary union

Manuel de la Rocha Vázquez, Domènec Ruiz Devesa

## **Macroeconomic trends in 2013**

During 2013 the economic situation in the EU and in the Eurozone in particular stabilised. The risk of the euro disintegrating fell significantly, thanks especially to the decisive intervention of the ECB in summer 2012, when it finally decided to act and do “whatever it takes to save the euro” (in the words of Mario Draghi). A programme was put in place to enable the unlimited purchase of sovereign bonds of states whose public debt is the object of speculative attacks.

At the start of the year, in March 2013, the EU had to come to the help of a new country, Cyprus, which was on the brink of defaulting due to the huge 22 billion euro debt accumulated by its banks. However, the programme of

financial support for this small Mediterranean country was implemented erratically. The initial agreement adopted by the Eurogroup on 17 March 2013 imposed losses on small savers in Cypriot banks, violating the European rule of guaranteeing all deposits up to 100,000 euros. This agreement was rejected by the Cypriot parliament, and had to be renegotiated days later, in the midst of the protests of the island's inhabitants. Finally, at the end of March, the new multilateral loan was approved for a sum of 10 billion euros, of which 9 billion was to be contributed by the European Stability Mechanism (ESM) with the rest coming from the International Monetary Fund (IMF). The conditions were softened and small savers were excluded from bearing losses, although large savers and bondholders were not. One of the

two large Cypriot banks was also forced into liquidation. The crisis in Cyprus exposed the urgent need to put European economic governance on a solid footing, with a clear division of responsibilities.

Leaving aside the case of Cyprus, which presents unique features of its own, it is certainly true that the new ECB policy of supporting financial stability, as part of the mandate set out in the Treaty on the Functioning of the European Union (TFEU), has reduced speculation and therefore the spread between the interest rates on German public debt and that of almost all of the countries of the periphery. The reduction in the so-called risk premium has been most notable in Spain and Ireland, and more modest in Portugal and Greece, and also in Italy, where funding difficulties have been complicated by the political instability following general elections in February 2013.

Meanwhile, the recession in the Eurozone would appear to have bottomed out, in so far as GDP has stopped falling, although the unemployment rate of 12% in October 2013 was 0.4% higher than it had been a year previously (**Table 1**). In the countries of the periphery, in particular Greece and Spain, which had started the year with very high unemployment rates, jobs continued to be lost and the active population shrank. At the end of 2013, unemployment stood at 27 and 26 % respectively in Greece and Spain, and in Spain the economic activity rate fell to 59.43 % (in absolute terms, 270,000 people left the workforce).

Estimated potential growth in these countries is limited, due to the problems of low productivity and ageing populations. Even if the Eurozone technically exits the recession in 2014, real growth seems likely to continue below 1%

in the coming years, and this means that unemployment rates will remain high in a number of countries.

While several Eurozone countries have implemented structural reforms that may help improve productivity and potential growth, the predominant policy has been one of fiscal adjustment combined with wage moderation, thereby reducing both direct and indirect income (services from the welfare state) with the resultant negative impact on aggregate demand.

The pace of deficit reduction has slowed compared to previous years, but continues to be a cause of contraction, and its impact is amplified in the countries of the periphery due to the credit squeeze caused by the ongoing banking processes of deleveraging, sale of assets and reduction of loan portfolios. Worst of all is the fact that, despite the adjustment, levels of public and private debt remain at very high levels and continue to grow as a percentage of GDP, due in large part to the fact that, while sovereign debt has continued to increase despite the stabilisation of interest rates, GDP has fallen significantly over the last five years, and the volume of goods and services produced is a long way short of the levels that existed at the start of the financial and economic crisis. Public debt in Spain has continued to grow, and now stands at almost 100% of GDP (**Figure 1**).

This means that the long-term sustainability of this debt for peripheral countries cannot be guaranteed, despite the stabilisation of the financial markets. In particular, the Greek problem remains unresolved and, despite the austerity measures imposed, Greek public debt continues to rise. It is therefore quite possible that in the medium term the country will require

**Table 1.** Unemployment rate in the Eurozone (November 2013)

EU (28 countries)	10.9
Eurozone (17 countries)	12.1
United States	7.0
Belgium	8.4
Germany	5.2
Estonia	9.0*
Ireland	12.3
Greece	27.8*
Spain	26.7
France	10.8
Italy	12.7
Cyprus	17.3
Latvia	12.0**
Luxembourg	6.1
Malta	6.4
Netherlands	6.9
Austria	4.8
Poland	10.2
Portugal	15.5
Slovenia	9.9
Slovakia	14.0
Finland	8.4
United Kingdom	7.2*

\* October 2013.

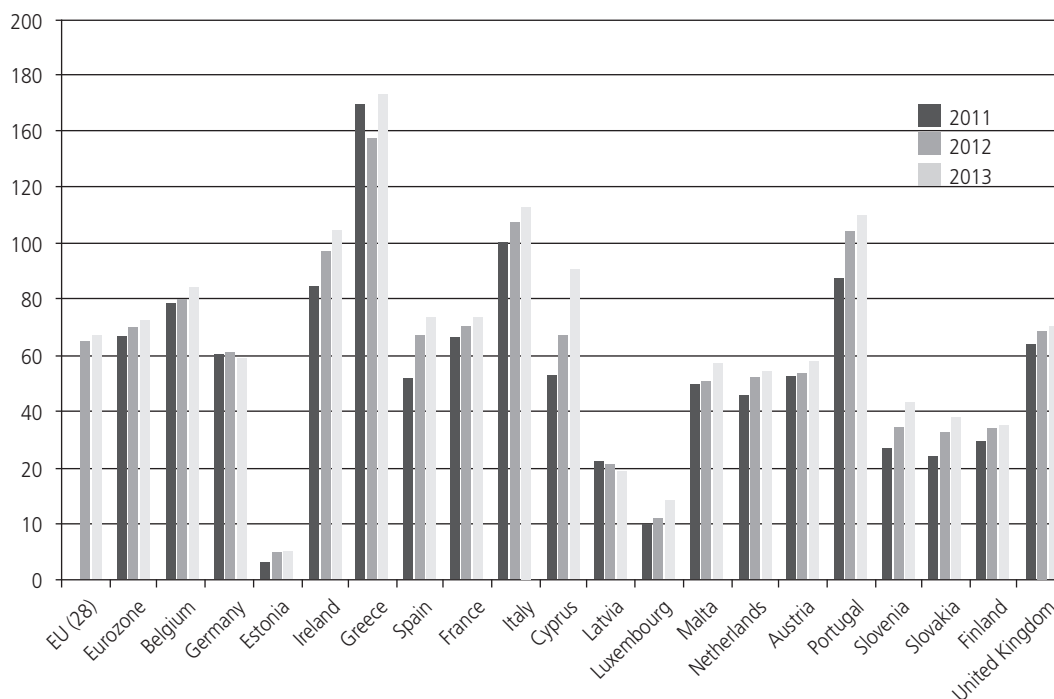
\*\* September 2013.

**Source:** Eurostat (2014).

a new financial support programme, including a partial debt write-off.

Furthermore, in several countries, in addition to structural adjustment by reducing spending and investments and increasing taxes (in particular, indirect taxes on consumption),

there has been a reduction in prices and salaries (very pronounced in Spain, Portugal, Greece and Ireland, not so sharp in Italy and France), leading to competitiveness gains and improvements to the balance of payments (with Spain achieving a current account surplus). However,



Source: Eurostat.

Figure 1. Public debt in the EU [% of GDP]

the so-called internal devaluation (reduction in production costs, including labour) has not completely reversed the loss of competitiveness of many member states, and the improvements in the balance of payments are almost certainly cyclical rather than structural. The recession in the countries of the periphery and the consequent sluggishness of private consumption has caused a fall in imports, but lower unit labour costs have not (with the possible exception of Spain) sufficiently stimulated the exports that are so badly needed in the context of weak internal demand. At the same time, improvements in competitiveness are greatly restricted by the overvaluation of the euro against the US dollar.

### ***Inflation***

In November 2013, the ECB decided to reduce the base rate by half a point to 0.25 %. Most experts agreed that the measure was necessary, particularly following publication of quarterly Eurozone inflation figures that recorded a drop in inflation from 1.1 to 0.7 % (0.8 % of underlying inflation, discounting the prices of energy and other volatile products) confirming that consumption had stagnated in 2013. In other words, to the end of 2013 the price of the basket of goods and services rose by less than half of the ECB's informal target of 2 % for the countries of the Eurozone as a whole. It is unlikely that the Eurozone will fall into a prolonged and painful period of deflation as has

happened in Japan, but it is possible that it could enter a lengthy period characterised by weak inflation at levels below the informal target of the ECB, combined with very low GDP growth.

Such low inflation in the Eurozone would make it difficult for the countries of the periphery to gain competitiveness by reducing non-salary costs, leaving further reductions in wages and in business margins as the only options. The good news is that levels of inflation have converged, in contrast with what had occurred in the years leading up to the crisis, when prices rose more quickly on the periphery than at the centre. At the same time, prolonged low inflation has a particularly big impact on the most indebted countries: low inflation means that the only way to reduce public debt is by generating large primary budget surpluses, and this in turn tends to undermine growth in a vicious and self-reinforcing cycle.

With this decision, the ECB has practically exhausted its conventional monetary policy options, and if growth continues to be sluggish and prices remain unusually low, the BCE could find itself forced to take unconventional measures. One option would be to apply a negative interest rate to the deposits that banks hold with the Central Bank, a movement that would discourage the accumulation of capital that is not loaned to the real economy. It would also be possible to activate a more ambitious public debt purchase programme, to improve the transmission of monetary policy, similar to the programmes applied by the central banks of the USA and Japan, or to directly purchase bank assets in exchange for increased credit, in the style of the UK's Asset Purchase Facility. However, these measures could encounter difficulties because they test the limits of the mandate of the

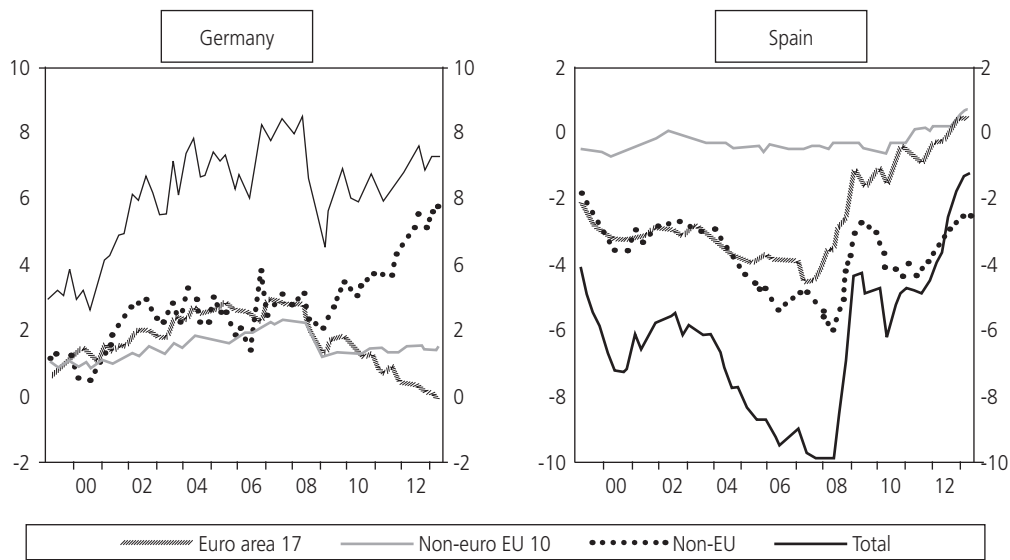
ECB and also go against the principles of German *ordoliberalism*.

### ***Balances of payment***

As noted above, there have been significant changes in the balance of payments in the EU and, in particular, in the Eurozone. As is well known, the imbalances in external payments between Germany and the peripheral countries were one of the structural causes that created the financial bubbles, the current high debt levels in the peripheral economies and the subsequent recession in the periphery. It is therefore essential that these be corrected in order to prevent future crises.

During the last two years, the so-called peripheral countries have substantially reduced their current account deficits. For example, Italy and Spain have achieved a surplus. Given that neither Germany nor the Netherlands have reduced their current account surpluses, the Eurozone as a whole has gone from being in balance with the rest of the world in 2009 to a surplus in 2013 of close to 2.3 % of GDP, according to IMF estimates. For 2014, the IMF estimates that the current account surplus will be 2.5%. In other words, the Eurozone is making adjustments at the expense of the rest of the world, and is not contributing to global growth (indeed, the opposite is true) (**Figure 2**).

In November 2013, the European Commission warned Germany for not doing enough to balance its excessive current account surplus (equivalent to 6% of GDP) through measures to stimulate internal consumption, what could contribute to an increase in imports from countries on the European periphery,



Source: Eurostat.

**Figure 2.** Trade balance of Germany and Spain with different regions [% of GDP]. 1999–2013

thereby promoting a more rapid and less traumatic exit from the current crisis than the route offered by the strategy of internal devaluations. This criticism had already been voiced by the United States in September, when the US administration accused Berlin of undermining global growth.

In 2013 Germany's trade surplus with its Eurozone partners fell significantly and was almost balanced, in the same way that Spain's trade deficit with fellow Eurozone countries reduced to the point where the country now had a slight trade surplus. In other words, German exports to other Eurozone countries have fallen significantly over the last three years, reflecting the fall in demand in the Eurozone. At the same time, German exports to non-EU countries have risen greatly over the last three years, while its imports have fallen, reflecting the relative weakness of

German internal demand. So, while Germany's trade surplus with other euro countries has fallen significantly and is now close to zero, which is good news, this has occurred primarily as a result of the fall in imports by these euro countries. What is more, the IMF 2013 World Economic Outlook noted that the fall in the German trade surplus can be explained fundamentally in terms of seasonal factors, and it could therefore rise significantly in the future if the periphery shows signs of recovery.

The process of redressing the balance of payments imbalances within the Eurozone would be greatly facilitated if Germany stimulated its internal demand with measures such as a minimum salary, which has been accepted as one of the elements of the programme of the coalition between the Christian Democrats (CDU) and the Social Democrats (SPD), and

would also benefit from a more expansive fiscal policy to boost imports from the country's neighbours and give a mild stimulus to domestic inflation. If Berlin were to accept increases in the consumer price index above the Eurozone average, the periphery could improve its competitiveness simply by keeping its own costs lower, which is what Germany did in the years prior to the crisis.

However, progress towards completing European economic and monetary union by correcting the errors in the design of the Euro continues to be extremely slow. Establishing and consolidating the so-called pillars of European monetary union – banking, fiscal, economic and political union – is absolutely essential to prevent another crisis and to ensure the long-term viability of the single currency.

### **Progress towards the completion of the economic and monetary union: the banking union**

During 2013, significant progress was made towards a banking union, the main objectives of which are to address the financial fragmentation within the Eurozone and to break the vicious cycle between sovereign debt and banking crisis that threatens the Eurozone. Since the start of negotiations in 2012, banking union has been proposed as a project consisting of three basic pillars: regulation, supervision, and resolution (a concept that covers both the liquidation and the recapitalisation of institutions).

With respect to the first pillar – bank regulation – the EU is making progress towards a single banking market. Although it is not formally an integral part of the banking union, more unified regulation (the Single Rule book) is abso-

lutely essential for the Union as a whole. This means that, in parallel with the creation of a banking union, there is a far-reaching reform of financial legislation for the whole of the EU, both for countries already in the euro and any others who might wish to join<sup>1</sup>, in the offing. These changes include, for example, establishing higher capital ratios, and negotiating the proposed directive for the recapitalisation of bank institutions, which means losses will be assumed by investors and unsecured creditors, together with the proposed revision of the directive regulating national deposit guarantee funds, which dates from 1994.

With respect to supervision and resolution, the theoretical scheme of the three pillars would be reflected in two institutional innovations:

- *The Single Supervisory Mechanism (SSM)*: this would be an independent agency with the capacity to supervise banks on the basis of unified rules and criteria for the whole Eurozone. The principles of the SSM were agreed in the European Council in June 2012, with the effect that supervision would primarily be the responsibility of the ECB, which would directly supervise the 130 most important or 'systemic' banks in the monetary union.
- *The Single Resolution Mechanism (SRM)*: this mechanism would be responsible for

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<sup>1</sup> Technically, regulation goes beyond banking union and is not limited to the Eurozone, but is designed to create a single banking market and to prevent future financial crises. Examples of new regulations for the financial sector are Directive 2013/36/EU of the European Parliament and of the Council, of 26 June 2013, on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, and Regulation 575/2013/EU, of the European Parliament and of the Council, of the same date, on prudential requirements for credit institutions and investment firms.



taking the decision to liquidate or recapitalise those banks in serious financial difficulty.

The establishment of a European Deposit Guarantee Fund, which many considered should form the third pillar of Banking Union, has been ruled out for now. However, it seems that the SRM as a liquidating authority will cover savers' deposits up to 100,000 euros.

The three pillars should be supported by last-resort financial backing which was sufficiently solid and robust to make banking union credible and to dissipate any doubts about its capacity to respond in the event of a financial crisis.

The negotiation of the SRM has been extremely complicated due to huge divergences between countries, particularly between Germany and the rest of its partners, but it was concluded with the European Council agreement of December 2013. The European Commission, supported by the European Parliament and the ECB and by many member states, defended a centralised bank resolution mechanism supported by a single European fund. The European Commission argued that the Commission itself should have the central role in the Single Resolution Council because the TFEU stipulates that a decision of this sort can only be adopted by a community institution recognised in the Treaties, a requirement that would exclude the European Banking Agency (EBA) because it is not a European institution. Nor should the ECB have this competency, as this would create a conflict of interests with its role as supervisor. Furthermore, both the Commission and the ECB argued for the creation of a European resolution fund backed, in the last instance and if necessary, by the European Stability Mechanism (ESM).

Germany did not wish to grant the European Commission this power and, together with other countries, rejected the proposal in favour of a decentralised resolution mechanism, based on a network of national authorities who would sit on the Single Resolution Council, with Berlin arguing that a centralised resolution mechanism required a change to the Treaty and would probably be rejected by the German Constitutional Court. There were also divergences as to who would have to pay for bank recapitalisation or liquidation: Germany wanted this to be primarily individual states using their own funds, with recourse to European funds only in the last instance and subject to strict conditions. Finally, Germany refused to allow the SRM to take decisions regarding the liquidation of minor financial institutions, which would include Germany's small regional banks.

After almost two years of difficult negotiations, the European Council on 19 December 2013 approved the proposal of ECOFIN on the SRM, to be composed of two basic elements, the Single Resolution Council and the Single Resolution Fund:

- The Single Resolution Council, composed in its majority of representatives of member states, will approve decisions to liquidate or recapitalise banks. The decision of the Council may be reversed or modified by ECOFIN at the suggestion of the European Commission.
- A Single Resolution Fund will be created and funded gradually over a period of 10 years, with contributions at national level by means of a bank tax until it reaches a point where 1 % of deposits are covered in the tenth year.

- During the ten years of transition, the system will consist of national compartments<sup>2</sup>: in the event that a financial institution has to be liquidated during this period, each country will have to recourse to its national fund. The (as yet undefined) possibility of loans between national compartments is raised, in the event of the member state's national fund proving insufficient.
- *In extremis*, the creation of a lender of last resort was approved to support the Single Resolution Fund in the event of this lacking sufficient capital. This fiscal backing could take the form of seeking loans on the financial markets or from the ESM, a detail which has still to be resolved. In June 2013, the Eurogroup gave the ESM approval to dedicate up to 60 billion euros to the direct recapitalisation of banks (never for liquidation), subject to approval by all countries and subject to strict conditions.
- Private exposure to bank liquidation ('haircuts') is brought forward to 2016, with the effect that shareholders, bondholders and unsecured creditors will have to assume losses of at least 8 % before the intervention of national compartments (during the transitional phase), the Single Resolution Fund or the ESM.
- The SRM should come into force on 1 January 2015, and be fully operative from 2016 on.
- To date, no progress has been made in establishing a Europe-wide European Deposit

Guarantee Fund, something which would have involved not just recapitalisation but also protecting depositors in the context of a liquidation process. What has been agreed is a directive to harmonise national deposit guarantee funds.

In summary, Germany ultimately imposed almost all of its positions at the European Council of December 2013, preventing the European Commission from having the final word in SRM decisions or the existence of a common resolution fund from the first day. Despite this, over the medium term one important concession has been made: it will be a European fund which recapitalises or liquidates banks, and this involves a transfer of income between countries.

### ***Shortcomings of the banking union***

While this text was being finalised, in February 2014, the negotiations between the European Parliament, Council and Commission to agree a final compromise regarding banking union were at a critical point. The agreements of the Council of December 2013 are insufficient in the following regard:

- *Single supervision does not cover all the banks in the Eurozone*: the SSM will have competencies over the 130 most important banks, together with those banks which operate across borders. Germany succeeded in having its small regional banks excluded from centralised supervision. This represents a risk for the medium and long term because, as is worth recalling, the financial crisis was not solely provoked by Europe's large systemic banks but rather by smaller financial institutions, such as the Spanish savings banks, Anglo-Irish in Ireland, or Laiki in Cy-

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<sup>2</sup> In principle, these national funds are to be newly created: in the case of Spain, it is not clear how the European Single Resolution Fund would coexist with the Spanish Fund for Orderly Bank Restructuring, currently responsible for recapitalising institutions, and the Spanish Deposit Guarantee Fund, responsible for compensating savers in the event of failure or liquidation of an institution.

prus, without forgetting the massive concealed help offered to Germany's own regional banks.

- *The SRM's decision-making process is lengthy, complicated and involves the participation of too many organisations.* The most important change is that a bank can be liquidated by European bodies without the authorisation of its government. However, the process of liquidating a bank is so complicated that it could involve up to 9 committees and 143 votes, despite the fact that it can be essential for such decisions to be taken quickly.
- *The independence of the Single Resolution Council from member states is questionable.* If the ECB identifies a struggling bank, it will ask the new Single Resolution Council to propose a recapitalisation or liquidation plan. The decision of this Council will be strongly influenced by the national liquidation authorities that provide a majority of its members, together with five independent members. The European Commission has a secondary role.
- *The period of transition to the Single Resolution Fund seems too long, particularly when compared with the frequency of banking crises. Furthermore, the size of the fund seems insufficient to cope with a major bank failure.* It is interesting to get an idea of the scale of the figures involved. The Fund will be established over a period of 10 years, by means of taxes on banks, so that at the end of that period it will stand at 55 billion euros, a mere 0.2 % of the total assets in the system. The ECB will be the supervisor of some 130 banks, representing 85 % of all the assets in the Eurozone banking system. The aggregate balance of the Eurozone's financial sector is approximately 30.4 trillion euros, so the 130 banks represent around 26 to 27 trillion euros. The majority of these banks each have assets of more than 30 billion euros. In a systemic crisis, in which banks can quickly and suddenly fail, all the resources of the Single Resolution Fund could easily be absorbed by one or two moderately large banks (remember that the rescue of the Spanish banking system required 40 billion euros from the ESM credit line, in addition to what had already been loaned by the FROB).
- *The relationship between the Single Resolution Fund and the ESM remains to be defined.* Due to its limited size, it is essential that this fund have fiscal backing, as has been approved. However, the relationship with the ESM or the fund's capacity to request loans on the markets is far from clear.
- *The legal nature of the new Single Resolution Fund is quite complex.* On the one hand, the fund will be owned and administered by the Single Resolution Council; on the other hand, the fund's operation is regulated by specific regulations, while the transfer of national compartments to the Single Resolution Fund and the activation and mutualisation of this process will be achieved by intergovernmental agreement between the participating member states of the SRM. The participating countries have set the date of 1 March 2014 to finalise the negotiation of this inter-governmental treaty, in a similar process to the ESM and the Treaty on Stability, Coordination and Governance (the Fiscal Compact), creating a worrying set of institutions outside the community framework,

- and enormously complicating the governability of the EU.
- *The first draft of the regulations of the SRM must be negotiated and adopted by the European Parliament before the European elections of 25 May 2014.* At the same time, the intergovernmental agreement of the Single Resolution Fund must be ratified by the member states before 1 March of the same year. These are very ambitious dates designed to bring it into force in time to intervene on the basis of the ECB stress tests to be completed in summer 2014. It seems very unlikely that the European Parliament will agree on a mechanism such as that approved by the European Council in a pre-electoral period.
  - *At least in the first instance, the protection of depositors up to 100,000 euros continues to be the responsibility of national deposit guarantee funds.*
  - *Finally, it is important to note that banking union is being built on the structures of the Eurozone, something which is essential for monetary union but which raises the risk of a breach between common EU regulation and specific supervision and resolution for euro countries. It would therefore be desirable if more non-euro countries decided to join the project.*

### ***Balance sheet assessment and stress testing of banks***

In November 2013 the ECB started a new round of balance sheet assessments and stress testing of some 130 Eurozone banks before taking on their supervision. These assessments are a real institutional and management challenge for the

ECB, which has no previous experience of bank supervision. It is an unprecedented exercise, one which is far more ambitious than the stress tests performed by the United Kingdom, involving eight banks, or those performed by the Federal Reserve Bank of the United States, affecting 19 banks.

Estimates by investment bank Goldman Sachs indicated that capitalisation requirements could reach 75 billion euros, while Morgan Stanley put the figure at just 40 billion. Banks that do not pass the tests must be recapitalised, first by converting bondholders into shareholders and then with public money from the countries in which they have their registered office. Problems might arise if capital requirements are greater than expected, in which case they might have to resort to the ESM. For this reason, the ESM needs to be ready to act and to recapitalise banks directly, but at the present time it is not clear that the ESM will be in a position to do so.

### ***Summary***

Banking union is without a doubt an important step that will make it possible to reduce the fragmentation of financial markets in Europe, but we have to make further progress towards a real economic integration, and this is still a long way from being achieved. This was one of the motives behind the Monti report on the future of the single market, one which has been almost forgotten. The efforts dedicated to banking union have used up political capital for the renewal and promotion of the single market. Much remains to be done: the integration of the services sector, the elimination of roaming charges for mobile users, a genuine common market in energy, or the harmonisation of

labour markets within the European Union. There is no question that, in response to the financial and debt crisis, Europe had to focus its attention on fixing the bank system, but it is equally true that we need to focus once again on the real economy and to transform the EU, through the single market and greater integration, into an instrument that is of real value to its citizens.

### **Strengthening economic and monetary union: the mechanisms of solidarity**

Since the start of the crisis a large number of directives and regulations have been approved to strengthen the coordination and control of the economic policies of the Eurozone states. The Stability and Growth Pact (SGP), with instruments such as the European Semester, five regulations and a directive on macroeconomic and fiscal supervision (known as the Six Pack), two regulations on the supervision and coordination of national budgets (the Two Pack), and the Treaty on Stability, Coordination and Governance, which is outside the community framework, involve a strengthening of the powers of the European Commission to control members' budgets, together with permanent monitoring of the macroeconomic and fiscal imbalances of member states. The Commission now has more powers to make economic policy recommendations in those countries with fiscal or macroeconomic imbalances or in those which have drawn on financial aid programmes.

However, despite the plethora of measures and controls, the monitoring of Commission recommendations is inadequate, and the level of empowerment or ownership of these recommendations is very low. In this situation, the

European Commission and the President of the European Council, Van Rompuy, proposed strengthening the European Semester and the Six Pack by signing Contracts for Employment, Growth and Solidarity, to be accompanied by Financial Solidarity Mechanisms.

The Commission's proposals regarding this issue are drawn from its 2012 report "Blueprint for a deep and genuine economic and monetary union". In April 2013, the European Commission presented two communications: one on the coordination of economic policy, the other titled Convergence and Competitiveness Instruments.

Communication COM (2013) 165, presents options for the launch of two new instruments:

- *Contractual Agreements* establishing the principal measures that a member state undertakes to apply in accordance with a jointly agreed timetable. These measures will be designed to apply country-specific recommendations issued within the framework of the European Semester, particularly those deriving from the macroeconomic imbalance procedure.

- *Financial Support* (Solidarity Mechanisms) for the application of reforms contained in the contractual agreement.

The aim here is to achieve greater national ownership of the reform agenda, which should not be seen as being imposed from Brussels but should be accepted as binding agreements entered into between member states and the European Commission. In other words, the aim is to offer incentives for states to comply with recommendations.

In exchange for this increased commitment, the so-called Solidarity Mechanisms have been created to fund the costs of adjustment. However, instead of representing clear progress towards a genuine, joint fiscal or budget-

ary policy for the euro, the Solidarity Mechanisms are small funds with too many conditions attached, they are 'fiscally neutral' (whatever exactly that means) and it is therefore unclear that they will be truly effective. In other words, the Solidarity Mechanisms are a watered down version of an additional budget

for the Eurozone, rejected by Germany in the fear that it would have to contribute more funds. In any event, the European Council of December 2013 postponed the decision regarding these mechanisms until October 2014, while the European Commission works on their development.



# Unemployment and wages in Europe: Current development trends under crisis conditions

Thorsten Schulten

## Introduction

At the beginning of 2014, more and more voices are declaring that the crisis in Europe is over or, at least, that the worst has been overcome. The European Commission's forecast promises a return to growth across Europe and is optimistic that the comprehensive "structural reforms" of the last few years will even start to take effect in Europe's crisis countries (European Commission 2013a). Thus, prevailing discussions in the EU view the comprehensive changes on the labour market and in wage policies in particular as guarantors of economic recovery.

Whether such a view can sustain conviction, however, appears to be more than uncertain. This is not just because the European Commission has had to adjust down its over-optimistic forecasts again and again since the beginning of the crisis in 2008 (Marterbauer 2013). More importantly, prevailing debates in the EU still un-

derestimate the dramatic social consequences of the crisis and implicitly expect that these will more or less solve themselves in the awaited economic upswing. Yet there is not even a hint of an approach to how or when the record-high unemployment rate in Europe could actually be combated.

The fact that there is no recognisable creation of an actual, sustainable development model not based on externalising problems through high export surpluses also seems to legitimise scepticism about the pre-emptive end of the crisis. However, creating such an alternative development model is particularly difficult at the moment, not least because the crisis has led to a major shift in power between employer and employee and the corresponding increase in social imbalance has even heightened economic problems.

The last point is clearly reflected in the current development of wages in Europe whose

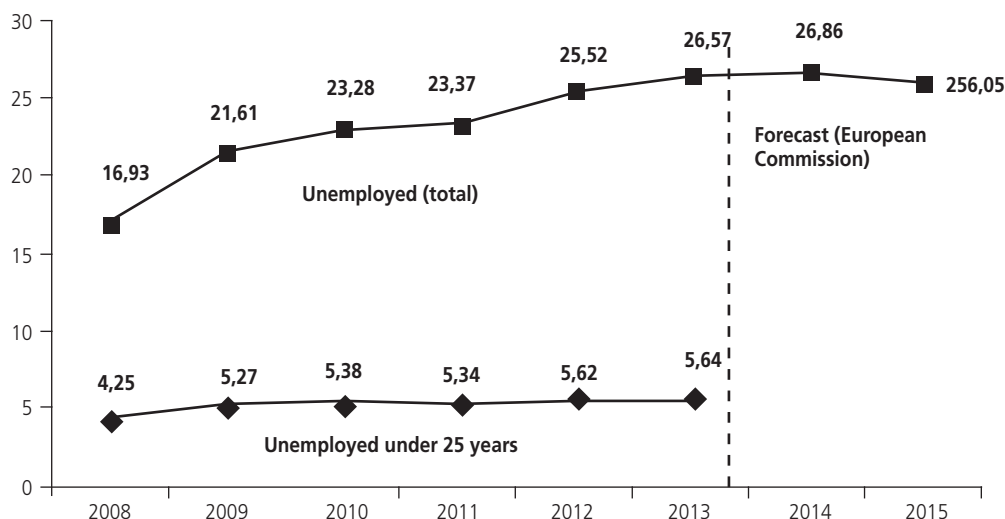


performance, in the face of mass unemployment, has been particularly weak. In addition, many European countries have used the crisis to dismantle established collective bargaining systems and to weaken the position of trades unions; something, which has further damaged wage dynamics. In contrast with the expectations of the European Commission, the weak development of wages has not automatically led to an improvement in competitiveness. In fact, wage freezes and wage cutbacks have a direct negative impact on the development of private consumer spending. In light of the prevailing austerity policies in Europe, the already huge problem of the lack of aggregated demand will thus be aggravated even further.

### The Situation on the Labour Market

Since the beginning of the crisis in 2008, the number of unemployed in the EU has continually grown. According to the statistical office of the European Union (Eurostat), there were 26.57 million unemployed in 2013 (**Figure 1**). This is almost 10 million more than at the beginning of the crisis in 2008. The unemployment rate in the EU rose in the same time from 7.1% to 10.9%.

Youth unemployment and unemployment among young workers under 25 years of age is particularly bad. In 2013, 5.64 million young unemployed were registered in the EU, making it 1.4 million more than in 2008. Unemployment rates among young workers rose from 15.8% to 23.5% so that, today, almost every fourth youth in Europe is without a job.



Source: Eurostat.

**Figure 1.** Number of unemployed in the European Union 2008-2015, in millions

Despite the economic recovery, the situation on the labour market in the EU is not expected to change in 2014 or 2015. The European Commission even forecasts a further increase in the unemployment rate in 2014, before a slight decrease is expected in 2015. In all, nothing indicates at the moment that the record-high unemployment rate in Europe will decrease significantly in the foreseeable future.

With the exception of Germany, unemployment has risen in every EU country since the beginning of the crisis in 2008 (**Table 1**). However, there are huge differences with regard to the speed and magnitude of the fall in employment, significantly increasing the social divergence between EU states as a result of the crisis (European Commission 2014).

In 2013, Greece (27%) and Spain (26.4%) had the highest unemployment rates with more than a quarter of all workers out of a job. The unemployment rate was between 10% and 20% in 13 EU states, most of them in Southern or Eastern Europe, as well as in Ireland. In contrast, the unemployment rate in the other 13 EU states was under the 10% level. Countries from northern and western Europe belong in particular to this group with a comparatively low unemployment rate, with Austria (5.1%) and Germany (5.3%) having the lowest rates. In all, the labour market in Europe thus shows a clear division between northern and western Europe on the one hand, and southern and eastern Europe on the other.

Differences in youth unemployment are even more extreme. Greece and Spain again lead this group, with unemployment rates of 59% and 55.7% - countries where, by now, not even every second youth has a job. Extremely high unemployment rates among young workers can also be found in Croatia (49.9%) and Italy (40%), as well as Portugal, Cyprus and Slo-

vakia with rates of over 30%. A relatively large group of 12 EU states in all has a youth unemployment rate of between 20% and 30%. Several countries from Eastern Europe, as well as states from northern and Western Europe like Belgium, France, Ireland and Sweden, belong to this group. Finally, unemployment rates among young workers of between 10% and 20% can be found in seven other states, while only two states (Germany and Austria) have a rate of below 10%. The acutely high youth unemployment lends a particular drama to the already extremely difficult condition of the European labour market – many describe them as the “lost generation”.

The European Commission does not foresee a significant decrease in unemployment in the near future in any European country. Stagnating labour market conditions, or even a further deterioration, are expected in 2014 in 14 of the 28 EU states. The European Commission only expects a slight improvement in the labour market in 2015 in almost every country, although this forecast remains uncertain.

## Wage Development

There has always been a close connection between the situation on the labour market and the development of wages. Empirical studies about the long-term development of wages in Europe have clearly shown that wages come under pressure in times of high unemployment and only experience minor rates of increase, if at all (Hein and Schulten 2004). High unemployment leads to a structural weakening of the negotiating position of trades unions, who are hardly able to assert higher wage increases. In contrast, employees are ready for social concessions and even accept wage reductions under

**Table 1.** Unemployment rates in the European Union 2008-2015 – unemployed as a % of the workforce

	Total number of unemployed			Forecast**		Unemployed under 25		
	2008	2012	2013	2014	2015	2008	2012	2013
Belgium	7,0	7,6	8,4	8,7	8,4	18,0	19,8	23,1
Bulgaria	5,6	12,3	12,9	12,4	11,7	11,9	28,1	28,6
Czech Republic	4,4	7,0	7,0	7,0	6,7	9,9	19,5	18,9
Denmark	3,4	7,5	7,0	7,2	7,0	8,1	14,0	12,9
Germany	7,5	5,5	5,3	5,3	5,1	10,6	8,1	7,9
Estonia	5,5	10,2	9,3	9,0	8,2	12,1	20,9	18,0*
Ireland	6,4	14,7	13,1	12,3	11,7	13,3	30,4	26,6
Greece	7,7	24,3	27,0	26,0	24,0	22,1	55,3	59,0*
<b>Spain</b>	<b>11,3</b>	<b>25,0</b>	<b>26,4</b>	<b>26,4</b>	<b>25,3</b>	<b>24,6</b>	<b>53,2</b>	<b>55,7</b>
France	7,8	10,2	10,8	11,2	11,3	19,3	24,7	25,5
Croatia	8,4	15,9	17,6	16,7	16,1	21,9	43,0	49,9
Italy	6,7	10,7	12,2	12,4	12,1	21,3	35,3	40,0*
Cyprus	3,7	11,9	16,0	19,2	18,4	9,0	27,8	38,7
Latvia	8,0	15,0	11,7	10,3	9,0	13,6	28,5	23,9*
Lithuania	5,3	13,4	11,8	10,4	9,5	13,3	26,7	22,3
Luxembourg	4,9	5,1	5,9	6,4	6,5	17,3	18,0	19,9
Hungary	7,8	10,9	11,0	10,4	10,1	19,9	28,1	27,2*
Malta	6,0	6,4	6,5	6,3	6,3	12,2	14,2	13,9
Netherlands	3,1	5,3	6,7	8,0	7,7	6,3	9,5	11,0
Austria	3,8	4,3	5,1	5,0	4,7	8,0	8,7	9,0*
Poland	7,1	10,1	10,4	10,8	10,5	17,2	26,5	27,4
Portugal	8,5	15,9	16,5	17,7	17,3	20,2	37,7	38,1
Romania	5,8	7,0	7,2	7,1	7,0	18,6	22,7	23,6
Slovenia	4,4	8,9	10,2	11,6	11,6	10,4	20,6	22,7
Slovakia	9,6	14,0	14,2	13,7	13,3	19,3	34,0	33,6
Finland	6,4	7,7	8,2	8,3	8,1	16,5	19,0	19,9
Sweden	6,2	8,0	8,0	7,9	7,4	20,2	23,7	23,4
United Kingdom	5,6	7,9	7,7	7,5	7,3	15,0	21,0	20,7*
<b>UE</b>	<b>7,1</b>	<b>10,5</b>	<b>10,9</b>	<b>11,0</b>	<b>10,6</b>	<b>15,8</b>	<b>23,0</b>	<b>23,5*</b>

\* Preliminary data.

\*\* Forecast of the European Commission (autumn 2013).

Source: Eurostat.

risk of job losses. Thus, the rapid increase in mass unemployment in Europe after 2008 has had a significant impact on wage development and has produced a new pattern of development in incomes policy.

Wage development was more or less characterised by high increases in real wages after 2000 and up until the start of the crisis (**Figure 2**). Between 2001 and 2009, Eastern European

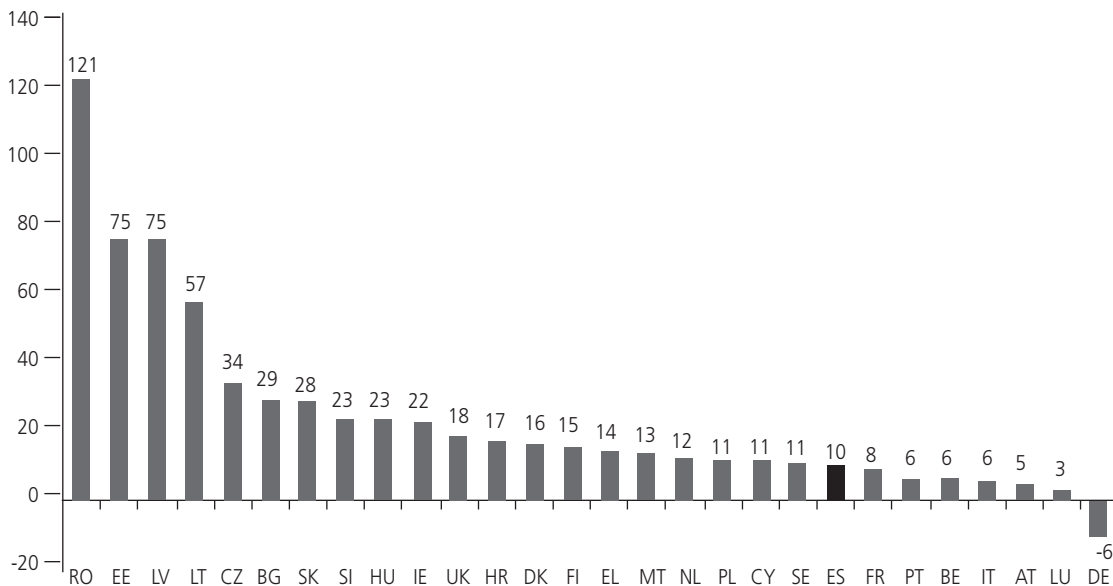
countries in particular showed very high increases in real wages, thus emphasising their economic catch-up process with the other EU states. Apart from Eastern Europe, various other states, such as Ireland, Great Britain, Greece and Northern European countries Denmark and Finland, also showed relatively high increases in real wages. On the other hand, Western European countries, such as France, Belgium, Lux-

emburg and Austria, but also today's crisis countries in southern Europe, Italy, Portugal and Spain, belonged to the group with relatively low real wage increases. Finally, Germany played a special role in incomes policy as the only country in Europe to report significant drops in real wages in the past decade (Schulten 2011).

Since 2010, the development of wages in Europe has shown a completely new pattern with reductions in real wage being the dominant trend. Taking forecasting data from the European Commission into account, the development of real wages between 2010 and 2014 has been regressive in 16 of the 28 EU countries (Figure 3). Greece shows particularly extreme losses in real wages of almost 24%, followed by Cyprus with high on 20% and Hungary with 10%. Moreover, Spain, Portugal, Ireland and Slovenia all showed high real wage losses of between 6% and 8%. On the other hand, Latvia,

Lithuania and Bulgaria are three states that reported double-digit increases in real wages. However, this development is founded on strong base effects, resulting in a still low level of wages in absolute terms in these countries. Relatively high real wage increases of between 3% and 7% were visible in five other countries – in Sweden, Poland, Estonia, Germany and Slovakia.

Apart from various significant differences between individual EU states, this new development pattern in incomes policy in Europe since the beginning of the crisis has been characterised by extremely weak developments in (real) wages, linked to years of real wage regression in many European countries (Table 2). This is particularly true for those crisis countries in Southern and Eastern Europe with notably high unemployment. In relation to wage developments, no change in trend is expected, even for



Nominal wages deflated by the Harmonised Index of Consumer Prices (HICP).

Source: AMECO database (European Commission).

Figure 2. Real wages in the EU before the crisis, from 2001 to 2009 in %

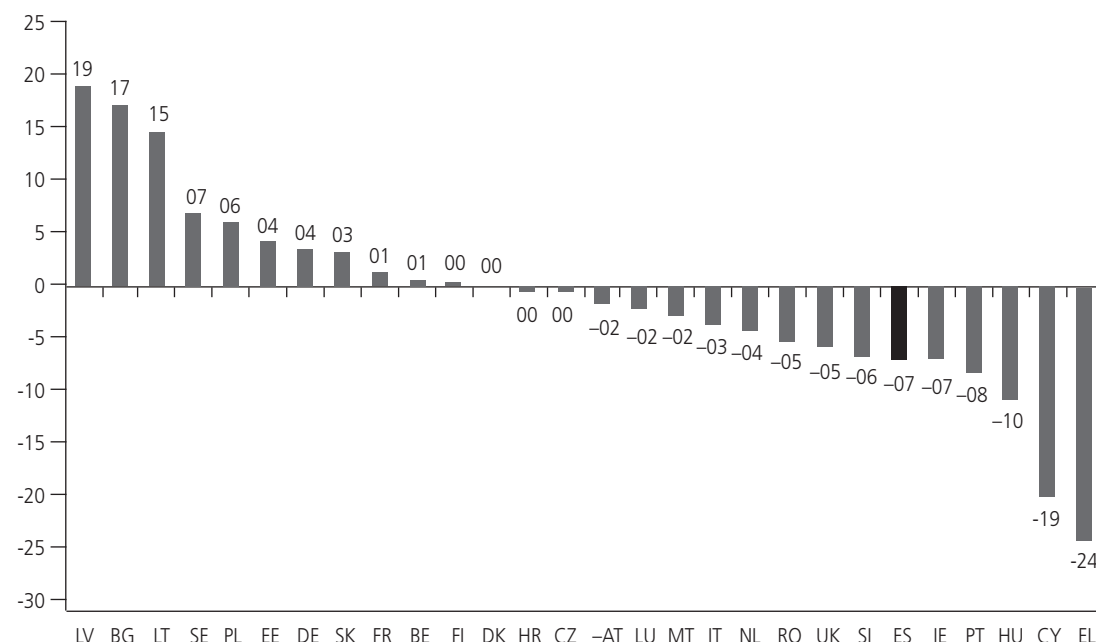
the current year. Real wages are expected to stagnate throughout the EU, while 13 EU states are forecasted to even have further real wage reductions.

### The Neoliberal Restructuring of the Collective Bargaining System

Characterised by regression in real wages, this new development pattern of incomes policy in Europe is not only the result of the negotiating position of the trades unions having been structurally weakened by the economic crisis and high unemployment. It is also the result of a new income policy interventionism, with politics actively involved in the wage-setting process (Busch et al., Schulten and Müller 2013). A new

system of *economic governance* aimed at closer coordination in European economic policy has developed within the EU in the aftermath of the crisis. Wage developments are regularly checked and recommendations are made for national wage policies in every EU state in an annual coordination cycle, which people call the “European Semester”. This latter point comprises not only the “appropriate” development levels of wages and unit costs of labour, but also the “downwards directed flexibility” of the collective bargaining system.

One result of this new European economic governance is massive state intervention in incomes policy, incorporating wage reductions and wage freezes in the public sector (European Commission 2013b) and statutory minimum wages (Schulten 2014) in particular. Along with



Nominal wages deflated by the Harmonised Index of Consumer Prices (HICP). Data for 2014: Forecast from the European Commission (Autumn 2013). Source: AMECO database (European Commission).

**Figure 3.** Real wages in the EU after the crisis from 2010 to 2014 in %

**Table 2.** Developments in real wages in the European Union 2008-2014, in % compared to the previous year\*

	2008	2009	2010	2011	2012	2013	2014**
Belgium	-0,9	1,2	-0,9	-0,3	1,1	1,0	-0,3
Bulgaria	4,8	5,6	6,9	3,4	0,5	3,1	2,1
Czech Republic	-2,1	-1,2	1,9	0,2	-1,2	-2,3	1,2
Denmark	-0,1	2,2	1,3	-1,4	-0,9	0,9	0,2
Germany	-0,7	-0,1	1,2	0,5	0,5	0,3	1,0
Estonia	-0,9	-3,3	-0,4	-4,6	1,8	3,5	4,1
Ireland	2,1	0,6	-2,2	-1,3	-1,1	-0,8	-1,5
Greece	-0,6	2,2	-7,3	-6,5	-5,2	-6,1	-1,1
<b>Spain</b>	<b>2,8</b>	<b>4,4</b>	<b>-1,6</b>	<b>-1,8</b>	<b>-2,2</b>	<b>-0,5</b>	<b>-0,8</b>
France	-0,4	1,9	0,8	0,2	0,0	0,4	-0,1
Croatia	1,1	-1,2	0,8	0,8	-0,2	-1,3	-0,3
Italy	0,3	0,9	1,2	-1,6	-2,3	0,0	-0,4
Cyprus	-1,0	2,4	0,0	-1,0	-4,0	-9,9	-5,8
Latvia	0,4	-16,0	-5,5	11,9	4,6	4,3	2,9
Lithuania	3,2	-14,1	6,0	2,2	0,6	3,1	1,9
Luxembourg	-0,7	1,8	-0,2	-1,3	-0,9	-0,9	1,2
Hungary	1,2	-5,7	-5,2	-0,3	-4,9	-2,2	2,0
Malta	-0,5	1,4	-0,5	-1,9	-1,0	1,1	-0,1
Netherlands	1,1	1,5	0,6	-0,9	-0,9	-2,7	0,0
Austria	-0,1	2,1	-0,5	-1,2	0,0	0,2	0,0
Poland	4,7	-0,5	2,0	0,7	0,4	1,7	1,0
Portugal	0,3	3,7	0,6	-4,2	-4,8	2,1	-1,8
Romania	24,0	-7,5	-9,4	-1,6	2,2	2,6	1,9
Slovenia	1,7	0,9	1,8	-0,5	-3,8	-2,1	-1,8
Slovakia	3,1	1,6	4,4	-2,1	-0,9	0,5	1,5
Finland	0,5	0,7	0,1	-0,1	0,3	0,2	-0,3
Sweden	-1,8	-0,3	1,2	-0,6	2,2	2,2	1,6
United Kingdom	-1,9	0,2	-0,2	-2,5	-0,9	-1,3	-0,7
<b>UE</b>	<b>-0,4</b>	<b>0,8</b>	<b>0,3</b>	<b>-0,9</b>	<b>-0,6</b>	<b>0,0</b>	<b>0,1</b>

\* Nominal wages deflated for the Harmonised Index of Consumer Prices (HICP).

\*\* Dates for 2014: Forecast of the European Commission (autumn 2013).

Source: AMECO European Commission Databank.

direct intervention in current wage developments, many countries have also started to restructure their national collective bargaining systems (Schulten and Müller 2013).

Among others, the European Commission is guiding this restructuring and has published a comprehensive catalogue of measures under the heading "employment-friendly reforms". Along with diverse demands to deregulate the labour market (e.g. reduce unemployment benefits, cut back protection against dismissal, in-

crease the legal age of retirement), this catalogue also contains a specific sub-chapter on the reform of the collective bargaining system, containing the following points (European Commission 2012):

- "Decrease in the statutory and collectively agreed minimum wage".
- "Reduction of collective bargaining coverage".
- "Weakening of the (automatic) Declaration of General Applicability of Collective Agreements".

- “Decentralisation of the collective bargaining system, e.g. by abolishing or limiting the principle of advantageous treatment of employees in questions of colliding labour law regulations (*Günstigkeitsprinzip*)”.
- Introduction/expansion of the “Possibility for companies to deviate from centralised agreements or to negotiate company agreements”.
- Demand for measures “that lead to a general reduction of the pay bargaining power of the trades unions”.

The European Commission’s catalogue of measures doesn’t just aim at a radical decentralisation of incomes policy. It is also obviously advocating the complete rolling back of the significance of collective agreements and the associated influence of the trades unions. Looking at the latest developments in the national collective bargaining systems in many European countries, the Commission’s catalogue of measures almost seems to have been used as a blueprint. This is particularly applicable to those countries, such as Greece, Portugal and Spain, which have been under the direct influence of what people call the “troika” of the European Commission, the European Central Bank (ECB) and the International Monetary Fund (IMF). All three countries experienced extensive changes in their collective bargaining systems under the pressure of the troika. These can be summarised in three points (Schulten and Müller 2013):

1. Extensive introduction of the priority of company agreements over industry-wide collective agreements, leading to industry standards being de facto undermined at company level.
2. Extreme limitation or complete abolishment of statutory regulations supporting collective bargaining systems, such as the regulation of the consequences of collective agree-

ments or the Declaration of General Applicability of Collective Agreements.

3. Introduction of the possibility that employee groups not affiliated with trades unions can settle collective agreements, particularly in small enterprises.

In a very short time, this neoliberal restructuring of the collective bargaining systems in Greece, Portugal and Spain has greatly weakened the importance of industry-wide collective agreements and radically reduced the number of employees that are protected by collective agreements (**Table 3**). In 2013, only 14 industry-level collective agreements were settled in Greece, although 202 such agreements had been settled in 2008. Moreover, the quick rise in company agreements in 2012 has been a result of wage settlements at levels primarily below existing industry standards (Daouli et al 2013).

In *Portugal*, the number of industry-level and company-level collective agreements has decreased since the beginning of the crisis. At the same time, the use of the Declaration of General Applicability of Collective Agreements, especially important for the stability of the Portuguese collective bargaining system, has been limited under pressure from the troika. The result has been a radical weakening of the importance of collective agreements. Within just one year, tariff coverage has decreased by three quarters, from approximately 1.2 million employees in 2011 down to just 300,000 employees in 2012.

Finally, a rapid weakening of the importance of the collective bargaining system can be observed in *Spain*. Between 2011 and 2013, the number of industry-level collective agreements has reduced by half and the number of company-level collective agreements has even reduced by almost two thirds as a result of the comprehensive reform of collective bargaining law. Tar-

iff coverage in Spain has therefore radically decreased. While 10.7 million employees were covered by a collective agreement in 2011, this number had sunk to just 5.7 million by 2013.

Although the neoliberal restructuring of collective bargaining systems is particularly advanced in Greece, Portugal and Spain, these are by no means the only countries affected. Similar changes in collective bargaining systems can be seen in Ireland, Italy and Rumania, for example. Finally, similar recommendations to reform collective bargaining systems are now being expressed for countries that have up to now not been in the focus of European crisis policies. Currently, these include France and Belgium in particular – within the framework of the European Semester, both countries have been recommended to introduce corresponding “structural reforms” in wage settlements (Schulten and Müller 2013). In all, advocates of the neoliberal restructuring of collective bargaining sys-

tems consider it to be a successful strategy to institutionally safeguard the new pattern of development in incomes policy in Europe.

### Economic Consequences of Weak Development in Wages

According to the European Commission (2013a), the weak development of wages is a necessary adjustment process for many European countries to support them in regaining competitiveness and reducing current account deficits. It is essentially an export-oriented growth strategy that is being promoted as a way out of the crisis.

Nonetheless, in reality, the expected causal chain of improved competitiveness provoked by wage reductions which, in turn, generates more exports, more growth and more employment, seems to be suspended. On the contrary, IMF studies have proven that, in countries such as

**Table 3.** Collective agreements and tariff coverage in Greece, Portugal and Spain 2008-2013

	2008	2009	2010	2011	2012	2013
<b>Greece*</b>						
Industry-wide collective agreements	202	103	91	55	31	14
Company agreements	462	347	352	241	978	408
<b>Portugal</b>						
Industry-wide collective agreements	200	164	166	115	46	–
Company agreements	95	87	64	55	39	–
Collective agreements (total)	<b>295</b>	<b>251</b>	<b>230</b>	<b>170</b>	<b>85</b>	–
Number of generally binding declarations	137	102	116	17	12	–
Tariff-bound employees (in millions)	1,9	1,4	1,4	1,2	0,3	–
<b>Spain</b>						
Industry-wide collective agreements	1.448	1.366	1.265	1.163	982	543
Company agreements	4.539	4.323	3.802	3.422	2.781	1.281
Collective agreements (total)	<b>5.987</b>	<b>5.689</b>	<b>5.067</b>	<b>4.585</b>	<b>3.763</b>	<b>1.824</b>
Tariff-bound employees (in millions)	12,0	11,6	10,8	10,7	9,1	5,7

\* Newly settled collective agreements in that year, respectively.

Source: Ministry of Employment in Spain, Portugal and Greece.



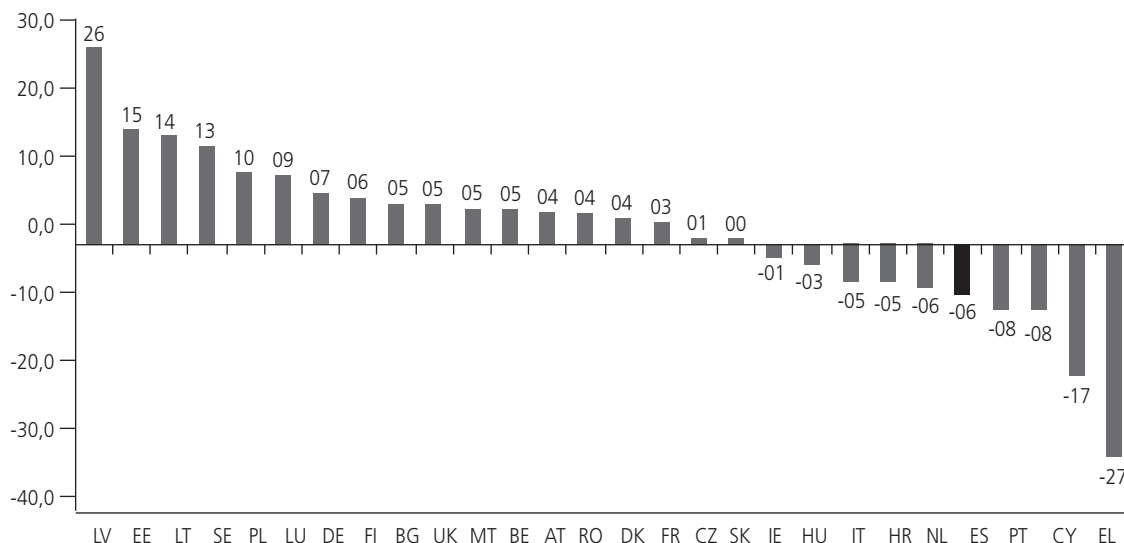
Greece, Ireland, Portugal and Spain, weak wage development has not led to an improvement in competitiveness because companies have turned labour cost reductions directly into profit, rather than reduce product prices (IMF 2013a).

On the other hand, weak wage development in an economic environment characterised by austerity politics has contributed itself to very low aggregate demand or, in many countries, to a considerable reduction in demand. Generally, most European countries show a close connection between the progress of wages and the development of private consumption. So it is hardly surprising that private consumption expenditure has declined sharply, particularly in countries in eastern and southern Europe where real wages have sunken dramatically (Figure 4).

Meanwhile, even the IMF has openly admitted in a widely received survey that the negative impact of austerity politics on the development

of aggregate demand has been systematically underestimated (Blanchard and Leigh 2013). Although a similar connection can be made to persistent weak wage development in Europe, the same IMF still calls for the continuation of neoliberal restructuring of the labour market (Blanchard et al 2013). In the case of Spain, for example, the IMF just recently recommended local employer’s organisations and trades unions to agree on an additional nationwide 10% cut in (nominal) wages within the framework of a national social package (IMF 2013: 14).

Therefore, there is reason to fear that international pressure on incomes policies in many European countries will continue and that the development of wages will proceed on its previous path throughout the EU. So, in the future, wages can only be expected to make a minimal contribution to improve aggregate demand in Europe, without which, neither the sustainable strengthening of growth nor a comprehensive



Data for 2014: Forecast from the European Commission (Autumn 2013).

Source: AMECO database (European Commission).

Figure 4. Development of private consumption expenditure from 2010 to 2014 in %

decrease in unemployment is possible. In addition, the persistently weak development of wages increases the danger of deflation in all of Europe, as already indicated in some countries today (OFCE et al 2013).

The alternative to such a deflation scenario lies in the creation of a development model that is more strongly driven by wages and demand in Europe, one that is centred on income policy, protects real wages and exploits the scope for productivity (Stockhammer and Onaran 2012). This particularly requires those countries with a current account surplus in Western and Northern Europe – especially Germany – to promote economic growth throughout Europe through the distinctly expansive development of wages. However, countries in Southern and Eastern Eu-

rope also have to stop the persistent regression of real wages and to return to a wage level that supports stable consumer demand.

Finally, an alternative income policy in Europe also requires institutional backing that strengthens and expands collective agreement systems above individual company level, such as that called for by the International Labour Organisation (ILO 2013), rather than dismantling them. Current developments in Germany could play a central role in this as, in contrast with European trends, the new government has taken up the cause of strengthening the collective bargaining system and, after a decade of neoliberal reforms on the labour market, has now started to introduce the necessary changes.



# The 2014 European Parliament elections and the future of the EU: is this time different?

Vicente Palacio, José Manuel Albares

## **The European Parliament Elections 2014: this time is also different**

Months before the European Parliament elections in May 2014, the message regarding the crucial nature of the elections, poised to usher in a new era for Europe and its member states, had been transmitted through official communications and relayed by numerous observers and analysts. The cliché *this time is different* is certainly not new. Indeed, this has been a recurring theme in all previous European elections and most certainly constitutes a sense of optimism that contrasts in many ways with previous experiences of other campaigns, traditionally “captured” by national parties and domestic issues.

The European Commission issued its Communication “Preparing for the 2014 European elections: further enhancing their democratic and efficient conduct” as early as

March 2014. This reference document stressed the importance of the elections, particularly the election of the President of the European Commission by the Parliament, and set out a number of initiatives to increase participation among citizens: increased and improved education; connecting the European political parties to national parties when it came to the election of candidates and the definition of agendas; and removing bureaucratic obstacles to make voting easier. It also contained information about numerous activities to be carried out in 2013 – the European Year of Citizens – with respect to the elections. This emphasis stands in contrast to the limited attention paid to the issue, and European matters in general, with the exception of the Euro, by the contending parties in the German Federal elections in September 2013.

There are in fact four main reasons why the European Parliament elections in May 2014

constitute a crucial moment for the future of the EU. The first is the critical time at which they occur. As has been shown in previous chapters of this report, Europe is in the grip of the most severe crisis in its recent history, with millions unemployed and large increases in social inequality. The crisis has also revealed numerous institutional failures to European citizens, both inside the member states and at a European level, feeding political disaffection and opening a gap in trust between northern and southern Europe. In this respect, the elections represent a critical juncture at which, with the worst turbulence in the Eurozone over, citizens and their representatives can take stock of what has gone wrong and why, and decide on a safe path for the future.

The second is that these elections are the first of their kind, since the new European parliament to be elected will have more powers than ever before. Based on the Treaty of Lisbon and certain practical developments since it came into force in January 2010, the European Parliament now co-legislates with the European Council on a growing number of matters (as many as 100 of the EU's 126 competencies) and, as a result of events, has been gaining power with respect to the Council and the Commission. This power is manifest not only in its capacity to veto the budget – as occurred for the multi-year financial period 2014–2020, although the budget was finally approved in a parliamentary vote on 19 November 2013 – but also in areas such as agricultural policy, data protection and consumer rights. At the start of the run-up to the 2014 elections, there were many voices in the heart of the parliament (starting with its president, Martin Schulz, in 2013) and outside the parliament (national governments and citizens) demanding more control over the decisions made by the Council, the

Commission, the European Central Bank (ECB) and the Eurogroup on the processes for fiscal and banking union.

In third place, a new college of commissioners will be elected alongside the parliament and the President of the Commission, marking a political *fin de siècle* and the start of a new one. Hence, in addition to the 751 members of the European Parliament, important positions, such as its two presidents and four vice-presidents, and the presidents of the Parliamentary Committee, will be filled. With respect to the European Commission, its president will be appointed at the end of June 2014 by the European Council of heads of state and government, together with the 28 Commissioners. Finally, if the outline of the Merkel-Hollande document on the Franco-German contribution to economic and monetary union, dated 13 May 2013, is followed, there will also be the possibility of a permanent president of the Eurozone.

In fourth place, these elections are different because of what is at stake. The perennial notion of “Europe at a crossroads” is present in all senses of the word. There is a serious danger of stagnation and, subsequently, of going backwards, following the path of Euroscepticism, or worse still, Europhobia (on which a number of heterogeneous parties have converged, from the French National Front, through the Freedom Party in the Netherlands, all the way through to Italy's Northern League). This stance is in contrast to those who wish to make progress towards further integration, which include conservative, socialist, liberal, green and conservative nationalist parties, albeit under highly diverse agendas with significant differences that have the potential to lead the EU in many different directions. Hence, after the elections in May, the EU has the option of continuing down an erratic path, at a distance from its

citizens and without seriously engaging with social exclusion and political disaffection, problems that are particularly pronounced among young people. This is the path of mutual distrust and the repatriation of economic, social, immigration, and foreign and defence policies. On the other hand, the EU can reorient itself, adopting common policies to strengthen economic governance, reinforcing the social dimension and projecting the EU on the global stage in line with its weight. However, progress in this direction will require a number of institutional changes to articulate a truly democratic basis of a “European democracy”. In this respect, the result of the German Federal elections hints at a possible trend, with the formation of a coalition group of conservatives and social democrats (CDU-SPD) in January 2014, while the Eurosceptic party *Alternative für Deutschland* was left outside the Bundestag.

### European citizens and the 2014 elections

In this context, it is instructive to consider a summary of the attitudes and concerns of citizens, as expressed in the Eurobarometers, for this convulsive period. However, it is much harder to predict how these perceptions will translate into specific votes and whether they tend towards a pro-European or Eurosceptic/Europhobic direction. A number of aggregate surveys undertaken in member states at the end of 2013 provide some indications in this respect.

It is clear that a new core has formed, doubtless still in the minority, but numerous nonetheless, of European citizens who regard the European construction as a serious error and the single currency as an aberration. These citizens are clearly Europhobic. However, in a different way, but also representing a growing group of

people, there are those who believe Europe was a good idea but poorly executed. Their thoughts can be characterised by the epithet *what could have been but wasn't*. Even though this group might not regard Brussels as the root of all evil, it nonetheless believes that it is not worth progressing the EU beyond its current situation, as to do so would actually be counter-productive. The previous two groups represent a considerable change of direction that could be consolidated in the forthcoming European elections. Likewise, a change has also occurred among citizens who have until now supported the European project. The economic crisis has left deep marks on their vision of Europe and, as such, a pro-European stance no longer goes hand in hand with immediate identification with the traditional European project, but instead with a vision of how it might be given specific content. The crisis has made clear that the EU is not by default a good entity that tends towards progress. On the contrary, it is a framework of policies whose conception and results may be extremely different. Hence, all the signs are that we are on the verge of elections in which the votes of citizens who could be classified as pro-European will make it clear they wish to see further European progress but will only give their backing based on specific answers to the questions *where is Europe going* and *what is its purpose*. Finally, an additional and by no means lesser problem is the low popularity traditionally suffered by the parliament as an institution (allegedly on account of its bureaucratic nature and inefficiency) in certain countries, such as the United Kingdom and the Netherlands, which distorts both the opinions expressed by citizens in surveys and the final outcome of the vote.

Eurobarometers 79 and 80 (July and December 2013, respectively) show a stable

trend in indicators for the vision and expectations of European citizens with respect to the EU, both in terms of its image among citizens and its future. As such, we can anticipate that in the forthcoming elections, the mood among citizens will be characterised along the following lines.

In general terms, the economy continues to be the greatest concern among Europeans, with a modest trend towards an optimistic outlook. Similarly, support for the single currency remains stable, highlighting the differences between the Eurozone countries, with a more favourable perception, and the others. In terms of the path to emerge from the crisis, the EU continues to be regarded as the best positioned institution to tackle this task. The highly favourable evaluation of the 2020 Strategy should also be noted. Finally, the majority of Europeans feel they are EU citizens but demand more knowledge of their rights. They also believe the EU's achievements, which they do not wish to lose, to be transcendental.

This section will attempt to summarise the current mood among the European electorate.

### ***Europeans and political institutions***

Trust in political institutions continues to fall with each new Eurobarometer. In December 2013, the level stood at 23% for national governments at EU level and 25% for national parliaments. In terms of the EU, the level of trust remained at 31%, a fall of two points from the previous Eurobarometer, and 26 points from spring 2007. At the other end of the spectrum, the percentage of citizens who do not trust the EU was 58%, with the level reaching 70% in Spain, Greece and Cyprus. In contrast, 39% of European citizens surveyed had a neutral image

of the EU. At present, 31% have a positive image and 28% a negative one (one point less than in the previous survey). Two thirds of Europeans believe their voice does not matter in the EU, a very worrying trend. However, in spite of all this, the majority of Europeans continue to believe the EU is a good idea and only 33% of respondents felt their country would be better off outside the EU, in contrast to 56% who did not. There are, however, two countries in which an exit from the EU has majority support: Cyprus and the United Kingdom.

### ***Europeans' main concerns***

Unemployment continues to be the primary concern among Europeans, although its importance has fallen slightly with respect to previous Eurobarometers (49%, -2 points), followed by the economic situation (33%), rising prices (20%) and public debt (14%). At national level, unemployment is the most commonly mentioned issue in 21 countries, whereas the economic situation is the main concern in the Netherlands and Romania, and inflation the main concern in Estonia, Lithuania and Germany. It is notable that in practically all the EU countries at least one of the top three concerns relates to the economy.

### ***Europeans and the economic situation***

In the valuation of the current situation, there was a positive change in perceptions of the economic situation at national level, with an aggregate increase of five points in the positive valuation for the EU as a whole, and two points with respect to the eurozone. The proportion of European citizens that believe the current state

of their national economies is good has risen above 30% for the first time since 2007. However, the disparities in valuations with respect to this matter are extremely high if we compare them with the results obtained in certain countries (85% in Sweden, compared to 2% in Greece). Regardless, the number of respondents that believe the economic situation in their countries is good is increasing.

### ***The crisis and Europe 2020***

If we analyse the support for economic and monetary union and the Euro, 52% of citizens surveyed expressed their support, compared to 41% who did not. With respect to the impact the crisis has had on employment, half of those surveyed continue to believe “the worst is yet to come” but there was a notable upturn in those who are optimistic about the future (40%, +4 points). At national level, in eight member states, the majority of the population believes the negative impact of the crisis on the jobs market has reached a turning point, although the belief *the worst is yet to come* continues to prevail in 16 member states. When asked about the most effective level at which to tackle the crisis, the EU continues to be regarded as the best positioned actor (22%), sharing top place with national governments, which have gained slightly in this area (22%, +1 point), followed at a distance by the IMF (13%) and the G20 (12%). Finally, 90% believe that member states must work together to tackle the crisis (as opposed to 7% who do not), a perception held by the majority of respondents in all countries.

In terms of the perception of the importance of the Europe 2020 Strategy, we can see the importance Europeans attach to the various initiatives. Of those surveyed, 81% rate the initia-

tive “to help poorer people and those who suffer from social exclusion to allow them to participate actively in society” as being extremely important.

### ***European citizenship***

Around 60% of Europeans feel themselves to be EU citizens, although a significant proportion do not (40%). These percentages have seen a swing of three points (–3 and +3 points, respectively) from the previous survey. At national level, large majorities in 23 member states feel themselves to be EU citizens. However, somewhat alarmingly, we find the majority of Europeans surveyed continued to be unaware of their rights as European citizens (55%, +2 points). Finally, from the perspective of citizens, two issues continue to dominate the top two positions in the relative hierarchy of major achievements by the EU: the free movement of people, goods and services within the EU (57%) and peace among the EU member states (53%).

### ***The indirect election of the President of the EC and its scope***

To encourage public participation, the major *pro-EU* political forces involved in the elections have chosen the slogan “this time is different” for a pan-European electoral campaign with shared agendas and a candidate from each of the parties for the presidency of the European Commission, to be officially presented in February and March 2014. This new element is presented as a substantial reinforcement of the democratic legitimacy of the European Parliament and the European Commission, as well as a key factor in making the elections the



most democratic in their history. It constitutes real progress, giving the parliament a determining role it did not have before the treaty, and which, in spite of not being a central concern among the majority of voters, is nonetheless identified by the Commission in the aforementioned Communication as an important incentive to voting.

There are a number of precedents to the idea. As early as May 2010, it appeared in the report published by the Reflection Group on the future of the EU in 2030 (in the chapter “The EU and Its Citizens”), which proposed the election of the president of the European Commission by the parliament from a pan-European list. Furthermore, in his State of the Union address in 2012, the President of the Commission, Jose Manuel Barroso, proposed the step as a means to strengthen a genuine European debate, while for its part, the parliament issued a Resolution on 22 November 2012, encouraging the European political parties to nominate candidates for the presidency of the Commission.

In terms of the legal and procedural aspects of this initiative, as opposed to its political dimension, Article 17 (7) of the Treaty on European Union specifically states that the President of the Commission will be elected as a result of close collaboration between the European Council in consultancy with the European Parliament. In fact, the appointment of the candidate from the party with the most votes is not explicitly guaranteed by the Treaty of Lisbon, since it only states that the Heads of State and Government will identify the party with the largest number of seats and require it to form a government. On this occasion, the 28 members of the Council will propose a candidate for President of the Commission in a qualified majority vote based on the results, and the parliament will elect the candidate based on the new

majority resulting in the European Parliament. However, it is clear that, given that no group will achieve an outright majority in May, the votes of at least two groups of the parliament will be required. If no consensus is reached in the first instance, successive mutual proposals can then be made. On the other hand, an agreement may be reached between the two majority groups to split the two most popular candidates between the Presidency of the Commission and the Presidency of the Council, respectively. Hence, in the run-up to the elections, there is the possibility, albeit remote, that the candidate of the most popular party might not be elected (in which case, the expectations of many citizens would be seen to be frustrated *ex post*). In this respect, it is significant that as of February 2014 no European government, starting with Germany, has pronounced on this matter.

Another doubt is that, even if the process does go smoothly, the indirect election of the President of the Commission by the parliament will result in a real change (not just a formal one) in the democratic functioning of the EU. At any rate, in the run-up to the elections, it seems clear that the condition (the indirect election of the President of the Commission) is necessary but not exclusive, and less still sufficient, to satisfy the dual objective the European parties have established: to incentivize citizen participation (and increase turnout levels above a meagre 43% in 2009), and to substantially tackle Europe’s democratic deficit. Indeed, the real relevance in democratic terms – and not merely formal – of the indirect election of the President of the Commission will become clear after the event, and will depend, in the final instance, on at least three factors. First, the relationship of forces between governments (starting with Germany) in the European Council, along two axes – geographic (North-South) and ideological

(right-left) – as well as the balance between these governments and the financial actors (the markets). Second, it will depend on whether the parliament appropriates more competencies with respect to the Commission and the Council for itself, *de jure* or *de facto*, following the elections, or if, further down the line, the parliament is able to act as a driver for a new convention. Third, it will depend on the success of reforms for democratic renewal and the fight against corruption within member states, especially in the south (i.e. Spain, Italy and Greece). In this respect, at the start of 2014, the attention of citizens would appear to be most intensely focused on these three factors, making the reinforcement of educational work an indispensable part of campaigning.

Regardless, it is significant that for the first time there is clear political willpower in this area among the parties participating in the European Parliament elections, more so in light of the considerable political weight of the candidates of the main political groups involved: Jean-Claude Juncker (conservative); Martin Schulz (socialist); Guy Verhofstadt (liberal); Alexis Tsipras (radical left); and Ska Keller and José Bové (green). There can be no doubt that an election of the president of the European community's executive in which the parliament has a determining voice represents significant progress in terms of action, leveraging the legal-political framework provided by the Treaty of Lisbon.

### **The elections and the political union: scenarios for 2014 and beyond**

Having analysed the expectations of citizens and the idiosyncrasies of the parliamentary elections in 2014, the question is: with the greatest

danger of a breakup of the Euro behind us, how far is it possible to travel down the road to political union, and how can this progress be achieved? In this respect, there are a number of possible scenarios for the EU from 2014. These scenarios are dependent on factors such as the results of the elections and the configurations of the new parliament, the nature and evolution of the various governments, both in terms of their mutual relationships and their relationships with the European institutions, and fundamentally, the outlook of the European economy, especially in terms of performance and well-being indexes.

With all the appropriate caveats, it is tentatively possible to state the following.

In terms of the configuration of a new parliament, at the start of 2014, European and national polls suggested the European parliament will be more fragmented than its previous incarnation. National polling indicates that, to varying extents, the two largest parties and their respective political groups – conservative (EPP) and social democrats (PES) – together with the liberals (ALDE), greens (G-EFA), moderate nationalists (conservatives and reformists), and the left (GUE-NGL) will maintain their hegemony over more than two thirds of the seats. However, there is also a heterogeneous and ascendant spectrum of populist national Eurosceptic and Europhobic parties, currently grouped under the Europe of Freedom and Democracy (EFD) group, complemented by non-attached members. There is now a distinct possibility that these will exercise greater discipline when it comes to voting on specific matters, transforming the European Parliament into an echo chamber of national debates. Furthermore, it is not possible to rule out that when it comes to voting on highly specific matters that imply the transfer of sovereignty, a wide range of parties on the left

(e.g. Syriza in Greece) may close ranks with nationalist parties.

In terms of turnout, which stood at 43% in 2009, an abstention of equal or greater proportions would send a strong message of dissatisfaction and discontent from European citizens. However, at the same time, significantly higher levels of turnout could also arise from a protest vote, expressing discontent and anti-EU sentiments, in which case, the parliament would become even more fragmented. Irrespective of the turnout, at a European level, the collapse of the two main parties (EPP-PES) and the other parties holding the balance of power would appear to be ruled out, putting governability of the European parliament and the renewal of the European institutions in the clear. That said, a paradoxical situation may arise whereby a significant increase in Eurosceptics and Europhobes acts as a catalyst to faster agreements among the majority groups. What is certain however, is that regardless of the results, it would appear that the lines of action of the incoming parliament will be conditioned by its relationship with Berlin – Angela Merkel’s CDU-SPD coalition government – which could favour the formation of consensus on economic and social policies, as well as institutional reforms.

Regarding the nature and evolution of the various European governments, other important factors could be the centrality of Germany and the French attempts at rapprochement with its neighbor, the permanent risk of the collapse in Greece, the uncertain outlook for Spain and Italy (as they two are the slackers of the Eurozone), and the situation in the United Kingdom and the Scottish referendum. Regarding the development of the European economy, in the best case scenario, if the IMF’s forecasts are correct and policies remain unchanged, the Eurozone will struggle to achieve

growth above 2% during the next parliamentary term. Furthermore, it is clear that a return to recession would possibly exacerbate the repatriation of competencies and make an institutional change of direction impossible, although nor would this be guaranteed by recovery.

Based on these considerations, the fundamental issue is whether progress in terms of economic governance made in 2013 can lead the way to a return to the path of a quasi-federal or a confederal political union. The influential report published by Van Rompuy, Barroso, Draghi and Juncker in December 2012 does not only back an exponential increase in the governance of the Eurozone (fiscal and banking union), but also, more importantly, the final section establishes the horizon of political union as a cornerstone of the European integration process as a whole. While there are many possible combinations, three basic scenarios can be tentatively outlined in ascending order of federalisation. A summary of the main features of the first two is provided below, with a more in-depth treatment of the third option, which favours greater integration and is more in line with the recommendations contained in the final section of the report.

### **The drift towards repatriation: stagnation and rupture**

One negative scenario involving regression for the EU could arise from one of the following two circumstances, or a combination of both. First, results in the elections, with high levels of abstention and significant gains (over 20% of the total) by anti-EU parties (e.g. the National Front in France, Justice and Life in Hungary, UKIP in the UK, Northern League in Italy and Golden Dawn in Greece). These parties will use

the European Parliament as an echo chamber of their domestic agendas in a risky context in which some economies may fall back into recession. In this scenario, the elections will not have the desired effect of being a catalyst for more and better Europe, but will instead result in regression since, paradoxically, they will introduce a Trojan horse, making it extremely difficult to eradicate the erosion from within. The second is based on a strengthening of the hand of the Merkel government in Germany as a reaction to economic stagnation at the European level, involving economic policies of austerity and control that are not complemented by solidarity mechanisms (transfers or investments through the European Investment Bank), delays to banking union, reforms with limited effect, and perhaps the reappearance of the specter of a Greek exit.

A prolongation of the tensions and asymmetries, both between North and South (in terms of risk premium or double standards in access to credit or banking supervision) and within the countries most affected by the crisis due to increasing levels of inequality and exclusion, would exacerbate pressure for the repatriation of competencies and could result in a second wave of social discontent and protests. In parallel to this, in the absence of a pro-European leadership, the governments of the main EU Members States would divert their attention to domestic agendas, with the consequent blocking or slowdown of the institutional progress currently underway (the ECB, European Parliament, Eurogroup and treaty reform). Mechanisms for fiscal union would continue to apply (the European Semester, the Fiscal Compact and the Euro+ Pact), but would not produce the desired results (in terms of further federalization of the EU), whereas policies in other areas would be delayed as a result of con-

tagion (e.g. welfare, security and defence, energy, the environment and expansion). All this would create a turbulent scenario in which the United Kingdom would remain distant and lacking incentives to participate in the community agenda.

### **Asymmetric union: one-government Europe**

Another possible scenario in the elections is some continuity of representation in the European Parliament, with an hegemony enjoyed by the large political families (conservative, social democrat and liberal) with less fragmentation than expected, and an *anti-Europe* representation of under 15%. This continuity may result in an improvement in European economic governance, fundamentally based on current intergovernmental agreements, which would continue to prevail over the community method.

This scenario represents a *de facto* "German Europe", not so much for the rise of German leadership, but more as a consequence of weakness among the remaining countries: the Franco-German axis will continue to recover with a weakened France opposed to institutional changes; the United Kingdom, at risk of withdrawing from the EU; and the Spanish and Italian periphery slowly recovering. With respect to the outlook under this scenario, the difference will be marked by the following factors. First, Germany's commitment to keep the Euro afloat, albeit without major changes in the role of the ECB, the mutualisation of debt or low inflation. Second, heightened social sensitivity to the minimum wage, pensions and the retirement age as a result of the German coalition government (CDU-SPD). These advances may be demanded by the rest of the European part-

ners and create new dynamics. Third, the consolidation of a “one-government” Europe (no longer intergovernmental) with Germany as the major player that is able to promote or veto large decisions, both within the Eurozone (e.g. economic and social policy, fiscal union, banking union and institutional reforms) and outside it (e.g. the United Kingdom, Eastern Europe, or candidates for entry into the EU).

Initially, this would appear the most probable scenario, since in recent times significant progress has been made via intergovernmental agreements imposed by the Merkel government. However, there are a number of elements that seriously jeopardise its viability. On the one hand, this outlook would not be without its tensions regarding the European institutions, especially the European Commission, the European Parliament, the ECB and the Eurogroup, which, driven by the expectations of renewal as a result of the elections, and due to the relative autonomy they have been developing throughout the crisis, will gradually demand more room for manoeuvre. On the other hand, the European architecture would suffer, since an *asymmetric union* of this nature would constitute not so much a *multi-speed Europe* in which a hard core moves forward based on the “willpower” or capacity of certain states, exercising a strong pull on the others, but a Europe in which a few actors take decisions on policies and institutional reforms that affect the first, second and successive circles, without these having any decision-making capacity or voice. Finally, this scenario does not address the EU’s democratic deficit, which requires new and better counterweights and supervision without double standards, primarily by the European Parliament. An EU of this nature, with unresolved tensions between the North and the South, and the Eurozone and the remainder, would represent a new obstacle

and would ultimately run the risk of collapse as a result of its dysfunctionality.

### **From a *German Europe* to a *new federalism***

A third scenario, as a development of the previous one, implies the “leap forward” demanded by the federalists. From the former German politician, Jorska Fischer, through to the US economist Paul Krugman, and including the philosophers Jürgen Habermas and Ulrich Beck, and politicians such as Jean-Claude-Juncker, Guy Verhofstadt, and the President of the European Parliament, Martin Schulz, there are many voices that have emphasised opportunities to take a “qualitative leap forward” in European integration, renewing Europe’s foundations and transforming the EU into a political subject. However, this political subject can only be articulated by giving the 28 member states a federal or quasi-federal structure based on greater democracy and accountability.

Throughout 2013, the ambitious measures proposed by the European Councils in June and December 2012 were invariably slowed down or diluted with respect to the initial proposals. Examples include the separation of banking risks and sovereign debt, the single supervisor, the European anti-shock fund, the common treasury and the proposals to enhance democratic accountability of the EU institutions. Nor has it helped that Hollande and Merkel have sent confusing and contradictory signals with respect to the fiscal union, the political union and treaty renegotiations, thus giving a confusing projection of two partial and incomplete visions of economic federalism versus political federalism. By way of an example, the French President expressed his preference for a

European Treasury or Eurobonds, but not for budgetary and fiscal control or the political union devised by Merkel. In the United Kingdom, on the other hand, David Cameron has continued to lobby for the repatriation of policy areas.

However, the various proposals and progress made in the federal direction have provided one of the possible roadmaps. Might it be the case that the context created by the new European legislature in 2014 will facilitate a federalising approach? This option may gradually emerge if various circumstances converge at once. One of these is that, as a result of the intensity of the process and its results, the elections act as a catalyst for institutional and democratic change. Here, somewhat paradoxically, political fragmentation in the European Parliament, combined with the growing threat of anti-integration forces, could lead to a grand coalition of pro-European forces. Another is that a relatively calm period in the markets, combined with relative economic improvement, makes it possible to come up with a more ambitious policy. Another is that some counterweights arise to the one-government Europe, by means of a coalition involving various member states (not only those in the South) and ideologies (conservative, social-democratic, liberal, moderate nationalist). If these conditions do arise, it would be possible to speculate on a scenario that leads towards a federal political union based on one of the following two options.

a) Union for the EU-28 as a whole. There are two ways in which this could arise. The first, by means of a new convention, which, following a constitutive period, would establish a new European Treaty, incorporating and strengthening the most recent progress made in fiscal and banking union, establishing a new dynamic between the community method and intergovernmentalism. Another is by means of an intergovernmental

tal treaty to avoid potential obstacles when it comes to ratification by the member states.

b) A union restricted to the member states of the Eurozone. This would involve an attempt to make progress towards a new treaty, as in the two previous variations (mini-convention or intergovernmental agreement), but as part of a process open to all states that wish to participate and meet certain requirements. In other words, a sort of federation or confederation of the Eurozone outside the Treaty of Lisbon.

There are many advantages and drawbacks for each of these two options: varying degrees of political and economic cohesion; the time scale for the process; the risk of new ruptures between member states (the United Kingdom); and even regression. However, while it is not possible to outline these potential scenarios here, it seems clear that to limit the process to the 18 member states of the Eurozone from the outset would be more realistic and would meet with less opposition than trying to reach agreement among all the 28 states. Hence, the sequence could begin with the formation of an *avant-garde* – the Eurozone, open to other countries that wish to join on a voluntary basis and meet certain requirements – that drafts a new treaty consolidating the progress made from the outset of the financial crisis through to the present.

However, in contrast to the 2003 Convention, which gave rise to the frustrated European Constitution, this time the process would need to be structured with greater care in terms of timing, actors and content. In particular, it would be extremely important to open up active participation not just to political representatives (the elites), but also to pan-European civil society based on the central aim of true transnational democracy. A convention that was open and transparent to citizens would make it pos-

sible to agree to carry out the national ratifications in the individual countries of the Eurozone by means other than a binding referendum to make the process more agile and to avoid interference. Another option would be to offer a referendum for the new treaty in a single consultation at the European level. Furthermore, it is imperative that the hard core of countries willing to form a new treaty have flexible mechanisms to incorporate candidates from outside the Eurozone, as well as continuous consultations on key matters that affect them (i.e. finance, banking, fiscal matters, foreign policy and security, energy, and immigration). In short, a political union among the hard core that is sufficiently attractive to function as a magnet for the other members.

To conclude, let us briefly speculate about how this *new federalism* would be possible. It

seems clear that it would have to differ from that of Europe's *founding fathers* – Monnet, Schumann and Delors – since its *technocratic* nature would no longer be acceptable to citizens. It would also have to differ from the concept of a *supernation* (i.e. the *United States of Europe*) since there is no strictly European *demos* and nor are there the conditions for a grand constitutional declaration like that which gave rise to the USA in 1776. However, the crisis has laid the foundations of a unique hybrid, in an ongoing process, somewhere between confederal and federal, with overlapping sovereignties, multiple identities and multiple levels of government, but with institutions and instruments that centralise functions that are indispensable to making progress and give the EU the global weight it deserves.

# Recommendations





# Recommendations

European Affairs Council of the Fundación Alternativas

To conclude this 2013 Report on the State of the European Union we offer a number of recommendations, as discussed by the European Affairs Council of the Fundación Alternativas.<sup>1</sup>

## **Towards an European democracy**

1. In order to improve the democratic legitimacy of the European Union, following the election of the European Parliament, the President of the European Council should hold formal consultations with the leaders of the parliamentary groups and then submit to the European Council the name of the candidate for President of the Commission – which should be the candidate of the group receiving the highest number of votes – in order to be appointed by the European Parliament.
2. The European Council should implement, before the appointment of the new Commission, a reduction in the number of Commissioners to 2/3 of the number of Member States, as provided in Article 17.5. of the Treaty of the European Union.

Those Member States whose turn it is to appoint a Commissioner should be asked to submit a shortlist of three, from which the President elect of the Commission may select one candidate to be proposed to the European Council and, following its approval, to the European Parliament.

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<sup>1</sup> The European Affairs Council of the Fundación Alternativas is composed as follows: Diego López Garrido (Director), José Luis Escario (Coordinator), Nicolás Sartorius, Juan Moscoso, Carlos Carnero, Vicente Palacio, Manuel de la Rocha Vázquez, José Candela, Jesús Ruiz-Huerta, Enrique Ayala, Carlos Closa, José Manuel Albares, María Muñiz, Emilio Ontiveros, María Joao Rodrigues, Francisco Aldecoa, Soledad Gallego, Irune Aguirrezábal, Josep Borrell and Xavier Vidal-Folch. Permanent guests at meetings of the Council are Michael Ehrke, Delegate to Spain of the Friedrich-Ebert-Stiftung, and María Pallares, programme coordinator, also of the Friedrich-Ebert-Stiftung.

3. The President of the Commission should be empowered to submit proposals to the European Council regarding the position of High Representative of the Union for Foreign Affairs and Security Policy.
4. When the first Treaty modifications are made, these should give the European Parliament the opportunity to pass a vote to replace the President of the Commission by qualified majority.
5. To improve the democratic operation of the institutions, the European Council should approve the general political guidelines of the Union, avoiding taking decisions of an executive nature in applying the Treaties, except with regard to affairs of an exclusively inter-governmental nature. The European Council should gradually assume a role similar to that of a collective Head of State, leaving executive power in the hands of the Commission and legislative power to the partnership of European Parliament and Council.
6. The European Parliament should be granted full legislative initiative, independent of the Commission, and there should be sessions of the European Parliament attended only by representatives of the member states of the eurozone to address issues relating to the single currency.
7. Rapid and effective procedures should be agreed to punish violations of the Charter of Fundamental Rights, strengthening the work of the European Agency for Fundamental Rights, and involving the Court of Justice and the European Parliament when necessary to ensure the inviolability of democratic principles in the member states.

### **On European citizens**

8. Particular emphasis should be placed on the political integration of citizens living in European countries other than their own. In order to give added impulse to the participation of European citizens, the right to vote in general elections should be granted to all European citizens who have been legally resident in a European Union country for five years immediately prior to the vote, without relinquishing the right to vote in elections in his or her country of origin. Each member state should modify its electoral legislation to this effect.
9. After working for two years in a European Union country other than his or her country of origin, the worker should have the right to look for a new job for six months if he or she becomes unemployed, and this right should be indefinite once the worker has worked for five or more years. This is the way to create a single, European labour market

parallel to the single market in goods and services, and to consolidate genuine freedom of movement of people.

10. The Union should promote a transnational campaign to combat violence against women and children, promoting reform of the criminal code so that, in particularly severe cases, aggression or maltreatment are considered to constitute an act of terrorism. The aim of the offender is to cause terror in the victim.
11. The Union should review the operation of the European Citizens' Initiative to make it more effective and attractive for European citizens, in particular by making it possible to directly submit citizens' initiatives to the European Parliament, without having to pass through the Commission.
12. There should be regular information campaigns in all member states to raise awareness of the activities of EU institutions, of how decision-making mechanisms work, and the advantages for all citizens of belonging to the EU.
13. The Commission and, where applicable, the European Parliament should establish mechanisms for citizens' participation and consultation, using new communication technologies and covering important issues affecting the lives of Europeans.
14. We need to increase to 0.7% of GDP development aid for countries where migrants come from, with the aim of providing their inhabitants with the opportunity of making a living without having to emigrate for economic reasons.

### **On immigration policies**

15. The European Union should provide the means to construct, in countries of origin and transit, a system for the management of migration that is not based on police containment of migratory movements, but rather on information, training, social care, the granting of visas and the intervention of non-governmental organisations.
16. We should reject police cooperation with countries of origin or transit to control irregular migration where there is no guarantee that this will be provided on the basis of full respect for human rights.
17. We should strengthen the fight against all aspects of human trafficking: prevention, the identification of victims, reparation, prosecution of traffickers, etc., in accordance with the standards established in the Directive of 5 April 2011.

18. Access routes to European territory should be provided for asylum seekers. In particular, in situations of armed conflict there must be migration routes to enable people fleeing conflict to reach the European Union. There also needs to be a refugee resettlement policy, significantly expanding the admission of refugees by the member states of the EU.
19. We recommend that member states sign the International Convention on the protection of the rights of all migrant workers and their families, adopted by the General Assembly of the United Nations, in its resolution 45/158 of 18 December 1990, and in force since 1 July 2003.
20. An EU budget should be established to support border countries in order to share the burden of migration policy, currently borne on their own by countries such as Spain, Italy, Greece and Malta.

### **On growth and employment policies**

21. European institutions should promote economic policies that give real priority to economic growth and the creation of employment, particularly in those member states where unemployment is highest. This means promoting the growth of the manufacturing economy through expansive policies by the European Central Bank and those member states in a more favourable economic situation, and launching a mass investment programme that would be a modern, intra-European Marshall Plan, aimed primarily at SMEs and designed to promote R&D+i, including an ambitious European infrastructure plan and a subsidised business training programme.
22. In the current environment of very low inflation and economic stagnation, the ECB should follow the example of other central banks and apply unconventional measures to encourage credit, such as charging interest on bank deposits in the ECB, establishing lending targets, and even the direct purchase of assets from banks conditional upon the increase of credit to individuals and SMEs, the sector that creates most employment in Europe.
23. The agreement on a Banking Union reached in March 2014, while positive, is clearly insufficient and falls far short of the real needs of the Eurozone. Some of its most significant defects need to be corrected, in particular the Single Resolution Mechanism should be integrated into the European architecture, a rapid decision-making process free from political interference must be established, the period for creating

and mutualising the Single Resolution Fund must be reduced and the Fund provided with clear access to the funds of the European Stability Mechanism.

24. The next European legislature (2014–2020) following the elections in May 2014, should complete the European economic and monetary architecture, and this involves: creating a genuine European treasury, with the capacity to issue medium-term Eurobonds; a consolidated Eurogroup with a full-time President and an additional budget for the Eurozone, with European tax-raising powers, such as the Financial Transactions Tax, which should be applied to all the countries in the Eurozone, and a European policy to fight the massive levels of tax fraud that have paralysed and undermined the welfare state.

### **On the European social model**

25. We need to define a stronger model of sustainable social development, led by salaries and demand, designed to guarantee real salaries and to make the fullest possible use of the margin of manoeuvre offered by productivity. In the countries of eastern and southern Europe, we need to put a stop to the ongoing fall in real salaries and return to a situation that allows the growth of private demand.
26. To establish an alternative salary policy in Europe, we need to provide institutional guarantees based not on the destruction but rather on the consolidation and improvement of industry and national collective bargaining systems, as demanded by the International Labour Organisation.
27. We propose creating an unemployment insurance system for the Eurozone, complementing national systems, to protect workers against asymmetrical shocks.
28. A European, inter-professional, minimum salary should be established, proportionate to the economic conditions in each country, and guaranteeing equal payment for men and women.
29. We need to review the procedures for the existing instruments of European social dialogue – in particular the tripartite Social Summit and the high-level Macroeconomic Dialogue (MED) – with a view to making them more effective and promoting a restoration of the value of collective bargaining and social dialogue in the national spheres affected.
30. There is a pressing need for urgent, specific action to make progress towards achieving the Europe 2020 strategy poverty reduction target.

One way to do this would be by substantially increasing the resources of the Progress Programme, and seeking to ensure its effective application in those states where it is most needed through partnership with local partners and civil society organisations.

### **Following the European Parliament elections**

31. Following the European Parliament elections in May, and once the main groupings in the legislature have been established and potential alliances formed, a parliamentary political agreement should be reached to promote policies of growth and social cohesion in Europe, establishing the main outlines of the balance of relationships between member states on the basis of the principles of responsibility and solidarity.

The European Parliament should also establish a dialogue with representatives from the media and the information sector with regard to the obstacles for engaging the European citizenry on issues regarding the process of the European construction, and potential mechanisms to address these obstacles.

32. We propose the calling of a European Convention as the starting point for renewing the legitimacy of the European Union, with the aim of establishing a new balance between EU-wide intergovernmental methods, and considering the Treaty reforms necessary to move in the direction of a federal political union. This new Convention should include both national and European political representatives, and should have as its central aim the construction of a genuinely transnational democracy, open to a pan-European civil society.

Any agreements reached by the new Convention would need to be ratified at a European level.

33. For future elections to the European Parliament, political parties should draw up lists for the whole of the European Union, and not just national lists as at present. This would give greater European legitimacy to MEPs, and would encourage political parties to campaign on European issues. European legitimacy would be further strengthened if voting took place in all EU countries on the same day.

# Biographies

**José Manuel Albares.** Career diplomat, he is currently the Deputy Director for Sub-Saharan Africa at the Spanish Ministry of Foreign Affairs and Cooperation. He has also served as Spanish Consul in Colombia and member of the Permanent Delegation of Spain to the OECD in Paris, during which time he filled the position of Vice-Chairman of the organisation's Development Assistance Committee (DAC). Albares has also held the positions of Acting Director General for Africa and Director of the Department for Cooperation with Sub-Saharan Africa in the AECID. He is the author of various studies on foreign policy and external action, as well as numerous press articles on these topics. He has been visiting professor at universities in Spain and North America, as well as the Institut d'Études Politiques (Sciences-Po) in Paris and holds a Bachelor of Laws and a Diploma in Business Studies from the University of Deusto. He holds as well a diploma of National Defence Course (CESEDEN).

**Francisco Aldecoa.** Professor of International Relations at the Complutense University of Madrid (2000) and formerly professor at the University of the Basque Country (1990). He has held the Jean Monnet chair, conferred by the European Commission, since 1994 and was awarded an honorary doctorate by the University of Bucharest in 2009. Aldecoa is a disciple

of Antonio Truyol y Serra, a distinguished professor and theorist on the process of European construction. From May 2002 to May 2010, he served as Dean of the Political Science and Sociology Faculty of the Complutense University of Madrid. He was president of the Spanish Association of Professors of International Law and International Relations from 2005 to 2009. He is the current Director of the Centre for Studies in Management, Analysis and Evaluation at the Complutense University of Madrid.

**José Candela.** Doctor in Law, UC Madrid. He has been working for the European Commission since the accession of Spain to the EC. He was Member of the Cabinet of Vice-President of the European Commission. Head of the Units Governance and Application of Community Law at the Secretariat-General of the European Commission. Co-author of the European Commission's White Paper on European Governance. Counsellor at the Secretariat-General, European Commission and Advisor to the Spanish Secretary of State for the European Union. He is also Professor of Philosophy of Law, Moral and Politics at the UC Madrid.

**Carlos Carnero.** Managing Director, Fundación Alternativas. Carnero has served as a member of the European Parliament (1994-2009), Spanish ambassador-at-large for Euro-



pean integration 2009-2012), and Vice-President of the Party of European Socialists (2006-2009). He was also a member of the Convention that drafted the European Constitution. He has collaborated on several books, including *Construyendo la Constitución Europea*, *Crónica política de la Convención*, *Manual de Instrucciones de la Constitución Europea*, *Europa en la encrucijada* and *La diplomacia común europea: el servicio europeo de acción exterior*, *Gobernanza económica de la Unión Europea y salidad de la crisis*. Carnero holds a degree in Tourism. He is a visiting professor in the master's programme of the Institute of European Studies at the University CEU-San Pablo and has led several summer courses at the Complutense University of Madrid on the EU. The Spanish government awarded him the Order of Constitutional Merit and the Order of Civil Merit for his work related to the European Union and foreign affairs, and the European Parliament with its Medal.

**Carlos Closa.** Senior Research fellow at the CSIC, Closa holds an MA in European Integration and a Ph.D. in Political Science from the University of Hull (United Kingdom). From 2004 to 2008 he served as Deputy Director of the CEPC (Ministry of the Presidency) and from 2005 to 2009 he was a member of the European Commission for Democracy through Law (Venice Commission, Council of Europe) representing Spain. He has been a professor at the University of Zaragoza and the Complutense University of Madrid, as well as visiting professor at the College of Europe in Bruges. He has also been a Visiting Fellow at the Minda de Gunzburg Center at Harvard University, a Jean Monnet Fellow, a Salvador de Madariaga Fellow at the European University Institute (IUE) in Florence, Italy and Emile Noël Fellow at New York

University (NYU). He is currently part-time lecturer at the Global Governance Programme of the EUI.

**José Enrique de Ayala.** Brigadier General of the Army, Retired. Ayala holds a degree in International Relations from the Centre for International Studies. He has served as military attaché to the Spanish Embassy in Germany, and as Chief of Staff of the Eurocorps. An international policy analyst specialized in the European Union, he has been for seven years the author of the "Carta de Europa" section of the journal *Politica Exterior*, and he collaborates with numerous media both written and audiovisual. He is a member of the European Affairs Advisory Committee of *Fundación Alternativas*.

**Manuel de la Rocha Vázquez** was born in Madrid in 1972. He obtained his degree in Business Administration from *Universidad Autónoma de Madrid* in 1995 and his Master of Economic Policy Management from *Columbia University* in New York in 2000. He has worked for several international organisations, including the European Commission, the African Development Bank and the World Bank. From 2000 to 2003, he worked in the Poverty Reduction and Economic Management Unit of the World Bank in Washington, and from 2003 to 2007 was stationed in the World Bank office in Nairobi, Kenya. During the period 2007–2010 he served as advisor to the Director General for Development Policies in the Spanish Ministry of Foreign Affairs and Cooperation, and in the Spanish Agency for International Development (AECID). Manuel is the author of numerous publications on development and international economics, he is the current coordinator for International Economics and Sub-Saharan Africa at the *Fundación Alternativas*. He is also a

founding member of Economistas Frente a la Crisis.

**F. Javier Doz Orrit.** Mathematician, secondary school teacher in the state sector, and trade unionist. He was secretary general of the Teachers' Federation of Comisiones Obreras trade union federation (1977–1989), member of the Board of the Complutense University of Madrid (1986–1991) and of the National Education Committee (1986–1991). He represented Izquierda Unida as a Member of Parliament in the Madrid Regional Assembly (1991–1995), with responsibilities in education, economics and employment. He was a member of the Executive Committee and of the Secretariat of Comisiones Obreras from 1997 to 2013. From 1997 to 2000 he was secretary for communications. From 2000 to February 2013 he was secretary for international relations. During this period, he was a member of the Executive Committee of the European Trade Union Confederation (ETUC), of the General Board of the International Confederation of Free Trade Unions (ICFTU) (2000–2006) and of the International Trade Union Confederation (ITUC) (2006–2013). He is currently on attachment to the Presidency of the ETUC from the General Secretariat of Comisiones Obreras. He has published numerous articles on a range of topics related to education and professional training, the funding of education and the relationship between economics and education, industrial policy, trade unionism, trade unionism and globalisation, international institutions, and on European economic, political, employment and trade union questions.

**Michael Ehrke** is the current representative of the Friedrich Ebert Foundation in Madrid. Born 1950 in Hameln, Germany, he studied social and political sciences in Hannover, Germany

and in México D.F. He worked as a researcher at the Centro de Investigación y Docencia Económicas (CIDE) and the Centro de Estudios Educativos (CEE) in México, as well as at the Institute for Latin American Studies in Hamburg, Germany and at the Research Institute of the Friedrich Ebert Foundation in Bonn. He directed the offices of the Friedrich Ebert Foundation in Tokyo, Budapest and Belgrade.

**Ernst Hillebrand** is currently working as head of the Department for International Policy Analysis at the Friedrich-Ebert-Foundation in Berlin. He is a political scientist by training and working with FES since 1990. He holds a Ph.D in political science. His current work concentrates on social, economic and political change and its effects on the political left in Europe. Most recently he has edited the book "Shaping a Different Europe" (Bonn 2014), which unites contributions on the future of European integration by leading European progressive intellectuals. Before his current assignment, he was head of the department for Central and Eastern Europe in Berlin and director of various FES-offices in Europe (France, United Kingdom), Latin America (Chile) and Africa (Cameroon and Ivory Coast). He published in different international reviews and newspapers, among other in *Le Débat*, *Prospect Magazine*, *Le Monde*, *Revue Internationale et Stratégique*, *Internationale Politik und Gesellschaft*, *Berliner Republik*, *Aus Politik und Zeitgeschichte*, *Frankfurter Hefte*, *Blätter für deutsche und internationale Politik*, *Tagespiegel*, *TAZ*, *Süddeutsche Zeitung*, *Frankfurter Rundschau*, *Nueva Sociedad*, *La Nación*, *The Australian* or *Politique Economique*.

**Diego López Garrido.** Chairman of the Council on European Affairs at the Fundación Alternativas and member of the Scientific Com-

mittee of the Foundation for European Progressive Studies (FEPS). He is MP for Madrid and spokesperson for the Socialist Group in the Parliamentary Defence Committee and member of the Parliamentary Assembly of NATO (Vice-Chair of the Mediterranean and Middle East Special Group and Vice-Chair of the Subcommittee on Transatlantic Economic Relations). A member of the PSOE Federal Committee, he has also assumed the role of spokesperson for the Socialist group in the Spanish Parliament (2006–2008). From April 2008 to December 2011, he was Secretary of State for the European Union and coordinated the Spanish Presidency of the EU in 2010. López Garrido was a member of the Convention that drafted the European Constitutional Treaty, the accord that paved the way for the Lisbon Treaty, as a representative of the Spanish Parliament (2002–2003). He is an economist and professor of Constitutional law. Author of various books on human rights, economics, politics, contemporary history and European law, he is also a regular contributor to the Spanish daily *El País*.

**Miguel Pajares** holds a PhD in Social Anthropology from the University of Barcelona and is a member of that university's Research Group on Exclusion and Social Control (GRECS). He is also a visiting lecturer on Masters and postgraduate courses at a number of universities. He is currently president of the Catalan Refugees Aid Committee. Between 2000 and 2012 he was an expert advisor to the European Economic and Social Committee in its decisions on immigration and asylum issues. Between 2000 and 2004 he was responsible for the immigration department of the Comisiones Obreras study centre in Catalonia. His publications include *La inmigración en España* [Immigration in Spain] (1998), Icaria, Barcelona; *Inmigración y Ci-*

*dadanía en Europa* [Immigration and Citizenship in Europe] (2000), Imserso, Madrid; *La integración ciudadana* [Citizen Integration] (2005), Icaria, Barcelona; *Inmigrantes del Este* [Immigrants from the East] (2007), Icaria, Barcelona; *Inmigración i sindicatos en Europa* [Immigration and Trade Unions in Europe] (2011), Icaria, Barcelona; *Cautivas* [Captives] (2013), Plataforma Editorial, Barcelona. He was also the author of the reports on Immigration and the Labour Market in 2007, 2008, 2009 and 2010, published by the Permanent Immigration Observatory (Department of State for Immigration and Emigration, MTAS, Madrid).

**Vicente Palacio.** Holds a Ph.D. from the University Complutense of Madrid and currently serves as Deputy Director of the Observatorio de Política Exterior, Fundación Alternativas. He has directed and coordinated research for the Socialist group in the Spanish Parliament, the Cabinet of the Spanish President and the Ministry of Foreign Affairs and Cooperation. Palacio has been Associate Professor of Internal Relations at Syracuse University (US) and a visiting fellow and researcher at Harvard University's Department of Government. He is author of the upcoming book *Sueños de Obama: EE. UU. y la primacía global*, as well as dozens of analyses and articles for the specialised press on the subjects of Spanish and EU foreign policy, transatlantic relations and EU–Latin American relations. He is a frequent contributor to *El País* and CNN's Spanish language news channel.

**Domènec Ruiz Devesa.** Partner and Director of Gobernia Consulting, S.L. and specialist in European economic policy and the international monetary system. Devesa holds degrees in Law and Economics from the University Carlos III, a degree in Political Science and Sociology from

the UNED and a Master in International Relations with a concentration in European Studies from Johns Hopkins University. He has provided consulting services for international organisations such as the World Bank, the Inter-American Development Bank and the Union for the Mediterranean, international consulting firms including Oxford Policy Management and Family Health International and think tanks such as the Fundación Alternativas, where he is a member of the Council for European Affairs, and Fundación Sistema, in which he serves as a member of the editorial board of the journal *Temas para el Debate*. Domènec is also the president of the Union of European Federalists in Madrid.

**Nicolás Sartorius.** A lawyer and journalist by profession, Sartorius is Executive Vice-President of the Fundación Alternativas and Director of the foundation's Observatorio de Política Exterior Española (OPEX). Imprisoned for several years during the Franco dictatorship for his trade union activities, he was co-founder of Comisiones Obreras and member of the Spanish Parliament for the Spanish Communist Party and Izquierda Unida for several terms up until 1993. He participated in social and political negotiations during the Spanish Transition. Since that time, he has devoted the greater part of his time to writing. He is a frequent contributor to newspapers such as *El País* and is the author of numerous essays including *El resurgir del movimiento obrero*, *El sindicalismo de nuevo tipo*, *Un nuevo proyecto político*, *Carta a un escéptico sobre los partidos políticos*, *La memoria insumisa: sobre la dictadura de Franco*, *El Final de la Dictadura: la conquista de la libertad en España* and contributor to *Una nueva Globalización: propuestas para el debate*.

**Thorsten Schulten** is a senior researcher at the Institute for Economic and Social Research (Wirtschafts- und Sozialwissenschaftliches Institut – WSI) within the Hans Böckler Foundation (the foundation closely related to the German trade unions). He studied political science, economics and sociology at the University of Marburg and holds a Ph.D in political science. He has been involved in various European research projects on wage developments, collective bargaining and industrial relations. Currently, his main research interest is on the impact of the new European Economic Governance on the national industrial relations systems in Europe.

**Xavier Vidal-Folch** is a journalist, with a degree in Law, Contemporary History and Information Science. He is a columnist for *El País* newspaper on economic issues and European affairs, and has also edited *Los Catalanes y el poder* [The Catalans and power] and written *¿Cataluña independiente?* [Independent Catalonia?]. He was president of the World Editors Forum and founder and first president of the Global Editors Network. He has been awarded the Salvador de Madariaga Prize for European Journalism, the Ortega y Gasset Prize for Journalism, the Joan Sardà Dexeus Prize and the Francisco Cerecedo Journalism Prize.

**Cristina Daniela Vintila** is PhD candidate at the Spanish National Research Council. She holds a MA degree in Democracy and Government from the Autonomous University of Madrid (Spain), a BA degree in International Relations and European Studies from the National School of Political and Administrative Studies (Romania) and a BA degree in Law from Spiru Haret University (Romania). Vintila was visiting researcher at the European University Institute (Italy) and the University of Edinburgh (UK). Her

PhD dissertation analyzes the political practice of the European citizenship in the electoral field, through a comparative analysis of the patterns of political participation of non-national EU citizens in EP and local elections held in several EU

Member States. She co-authored the book *La representación política de los inmigrantes en elecciones municipales. Un análisis empírico/The political representation of migrants in local elections. An empirical analysis* (CIS, forthcoming).

# Acronyms

- AFEM:** Asociación de Facultativos Especialistas de Madrid (in English Madrid Medical Specialists' Association).
- Attac:** Association for the Taxation of financial Transactions and Aid to Citizens.
- CCOO:** Comisiones Obreras (Workers' Commissions in English).
- CDU:** Christlich-Demokratische Union Deutschlands (in English, Christian Democratic Union of Germany).
- CIG:** Confederación Intersindical Galega (Galician Trade Union Interconfederation in English).
- CJEU:** Court of Justice of the European Union.
- CSDP:** Common Security and Defence Policy.
- DF:** Dansk Folkeparti (in English, Danish People's Party).
- DGB:** Deutscher Gewerkschaftsbund (Confederation of German Trade Unions in English).
- EASO:** European Asylum Support Office.
- EBA:** European Banking Authority.
- EC:** European Commission.
- ECB:** European Central Bank.
- ECOFIN:** Economic and Financial Affairs Council.
- EIB:** European Investment Bank.
- EMSA:** European Maritime Safety Agency.
- ENP:** European Neighbourhood Policy.
- EP:** European Parliament.
- ESF:** European Social Forum.
- ESM:** European Stability Mechanism.
- ETUC:** European Trade Union Confederation.
- EUROSUR:** European Border Surveillance System.
- FDP:** Freie Demokratische Partei (in English, Free Democratic Party).
- FN:** Front National (in English, National Front).
- FPÖ:** Freiheitliche Partei Österreichs (in English, Freedom Party of Austria).
- FRONTEX:** European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union.
- GAMM:** Global Approach to Migration and Mobility.
- GDP:** Gross Domestic Product.
- GEW:** Gewerkschaft Erziehung und Wissenschaft (Education and Science Workers' Union in English).
- IGMetall:** Industriegewerkschaft Metall (Industrial Union of Metalworkers in English).
- ILO:** International Labour Organization.
- IMF:** International Monetary Fund.
- ISA:** Interoperability Solutions for European Public Administrations.
- JHA:** Justice and Home Affairs.
- LN:** Lega Nord (in English, North League).
- LOMCE:** Ley Orgánica para la Mejora de la Calidad Educativa (Organic Law for the Improvement of Quality of Education in English).
- MP:** Mobility Partnership.
- PAH:** Plataforma de Afectados por la Hipoteca (Movement of Mortgage Victims in English).
- PVV:** Partij voor de Vrijheid (in English, Party for Freedom).
- SPD:** Sozialdemokratische Partei Deutschlands (in English, Social Democratic Party of Germany).
- SRM:** Single Resolution Mechanism.
- SSM:** Single Supervisory Mechanism.
- STV-ELA:** Solidaridad de Trabajadores Vascos- Eusko Langileen Alkartasuna (Basque Workers' Union in English).
- TFEU:** Treaty on the Functioning of the European Union.
- TTIP:** Transatlantic Trade and Investment Partnership.
- UGT:** Unión General de Trabajadores (General Union of Workers in English).

**UKIP:** United Kingdom Independence Party.

**UNHCR:** United Nations High Commissioner for Refugees.

**USA:** United States of America.

**USO:** Unión Sindical Obrera (Workers' Union in English).

**VB:** Vlaams Belang (in English, Flemish Interest).

**Verdi:** Vereinte Dienstleistungsgewerkschaft (United Services Union in English).







ISBN 978-84-92848-68-3



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European citizens were born and then enjoy the rights and freedoms established in the Charter of Fundamental Rights of the European Union. Despite this legal protection, the reality is that Europe's citizens feel European without necessarily feeling that they are citizens of a larger political project. As this Report shows and the title of these pages suggests, there exists then "a European citizenship deficit."

European citizens believe that membership of the Union is in our best interest, and this belief is shared by those who are already in the Union and those who are outside but asking to join. However, the devastating economic crisis has shown just how far we are from a transnational democracy, and how real is the threat of a Union operating on an oligarchic basis.

The severity of the crisis, with its appalling impact on the lives of European citizens through unemployment, under-employment, poverty and so on, as well as on the European social model as a whole, have exposed the fragility and vulnerability of the concept of European citizenship. We need to recognise that, rather than feeling themselves to have been defended by the Union, citizens have felt threatened by the policy of austerity. They have not benefited from European solidarity. The result has been rising inequality and imbalances between north and south, between the centre and the periphery, and within individual member states. At the same time, the tragedy of the tens of thousands of women who suffer at the hands of the perpetrators of gender violence has continued, without any effective response from Europe.

Needless to say, the crisis has not extended European democracy, but has instead caused it to shrink, as the major economic agreements to cope with the crisis (financial rescue plans, programmes to support the banks, deficit targets) have pushed national executives to the fore (and held accountable for such actions) even if the decisions were made at the (unaccountable) European level.