



Euroscepticism gaining currency?

Implications of the EU elections for economic policy

March 27, 2014

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Europeans will go to the polls at the end of May. Current national surveys indicate that eurosceptic parties are certain to increase their share of the vote.

Eurosceptics are not only to be found on the far right of the political spectrum. It is possible to differentiate between political forces on the right and the left as well as between moderate parties and hardliners.

Taking national surveys as a basis we simulate three possible outcome scenarios. We calculate the election results for a total of 27 eurosceptic parties from 16 countries on differing voter mobilisation at a given moment in time. Even under extreme assumptions with eurosceptic parties mobilising a large share of their potential voters and total voter turnout generally low, working eurosceptic majorities would remain far out of reach.

If, however, moderate right-wing eurosceptics attained political consensus they could join forces in a political group in the European Parliament (EP). They would then have the right to a greater say in committees. Just like the existing eurosceptic groups, though, they could be largely outvoted by the established political groups in the plenary.

The European Parliament will still be able to reach a quorum after the 2014 elections. Nonetheless, the plenary is likely to become further fragmented. A key role will be played by Parliament's rapporteurs, who already guide today's hugely fragmented plenary with its 162 groupings and factions towards practicable majority decisions.

The euro bailout policy could be indirectly affected by the European elections. True, the EP does not make any decisions on euro bailout policy – the related competence lies with the governments and parliaments of the member states. Nevertheless, in anticipation of elections at home governments could be influenced by the respective eurosceptics and increasingly insist on promoting national interests. This indirect eurosceptic impact will probably prove to be of relevance both in the run-up to the European elections as well as afterwards.

Eurosceptics in the European Parliament: Three scenarios on the European elections

Seats in the plenary of the EP (share)

Scenario	Moderate right-wing eurosceptics	Hard right-wing eurosceptics	Moderate left-wing eurosceptics	Hard left-wing eurosceptics	Total share	Total seats
1	77(10.3%)	7(0.9%)	36(4.8%)	9(1.2%)	17.2%	129
2	100(13%)	11(1%)	44(6%)	12(2%)	22.2%	167
3	124(17%)	14(2%)	53(7%)	14(2%)	27.2%	204

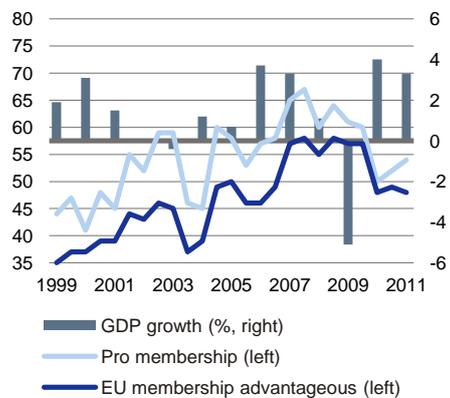
Source: Deutsche Bank Research



Euroscepticism gaining currency?

Germany 1

Opinion polls on EU membership



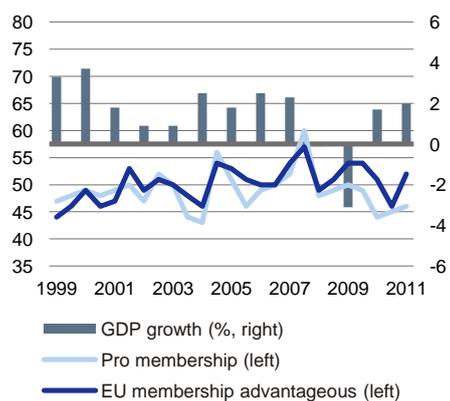
Sources: Eurobarometer, Eurostat, Deutsche Bank Research

Over the past few years the eurozone crisis has triggered public controversy on the future of the euro and the project of European integration itself. Debate has raged not only in the periphery countries which have in some cases had to grapple with huge adjustment burdens and where resistance to the reform policy is obviously to be expected. Critical undertones are also growing in the core countries of the European Economic and Monetary Union (EMU). Critics are increasingly bemoaning the explicit and implicit financial transfers between the EMU economies and the unconventional monetary policy of the European Central Bank (ECB).

A look at the four biggest eurozone members finds that fundamental support for EU membership developed with a slight timelag in relation to economic growth. This applies to the years 1999 through 2011 – since autumn 2011, Eurobarometer, the survey institute of the European Commission, has stopped inquiring about support for membership.¹ Independently of this, private-sector polling institutes have conducted additional surveys against the backdrop of the euro crisis showing that support for the EU has decreased in the course of the crisis. This may be observed in countries both inside and outside the eurozone.

France 2

Opinion polls on EU membership



Sources: Eurobarometer, Eurostat, Deutsche Bank Research

The recent development has triggered a response in both the party system and politics: numerous EU member countries now have political movements or parties that are often referred to in debate as “eurosceptics”. They reflect a broad spectrum of parties and groups ranging from the extreme left to the extreme right. Some people may infer that the commonly used term “eurosceptic” suggests that critics only take issue with the single currency. This is not the case, though. Rather, there are various attitudes opposing the current institutional environment of the European Union, the euro as a common currency and the plans for the further deepening of integration, which is linked with a softening of national identities. Even if the interests of eurosceptic movements in the member countries differ, they have in common that they, on the one hand, take issue with the finality of European integration and, on the other, question the crisis management approach of the respective national elites. The critical conflict in society thus spans not only commercial and political perspectives, but also social and cultural ones.

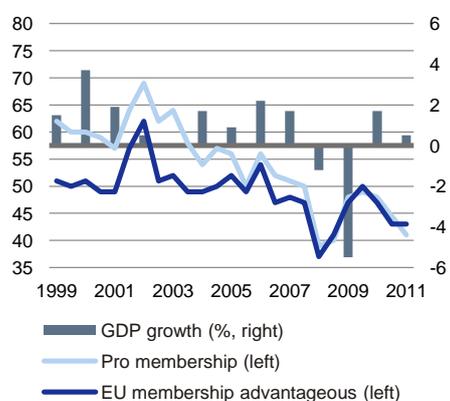
The thematic orientation of the eurosceptics could thus help them post notable results in the European elections at the end of May. This could have implications for the future stance of the European Parliament (EP) on issues of European economic policy. The following questions are of particular interest:

- What role does the EP play in European economic policy?
- How can the profiles of eurosceptic parties be classified?
- What chances of success will the eurosceptic parties have in the European elections – and what would be the consequences?

This EU Monitor, taking a sober look at the facts², hopes to answer the question of what role eurosceptic parties could play for the EP in the upcoming elections.

Italy 3

Opinion polls on EU membership



Sources: Eurobarometer, Eurostat, Deutsche Bank Research

¹ The question on the “Pro EU membership” data series is worded: “Generally speaking, do you think that (OUR COUNTRY)’s membership of the European Union is good thing / a bad thing ?” The question on the data series “EU membership is advantageous” is: “Taking everything into account, would you say that (OUR COUNTRY) has on balance benefited or not from being a member of the European Union?” A depiction of the EU average would not be meaningful, as growth and political sentiment differ considerably across the member countries.

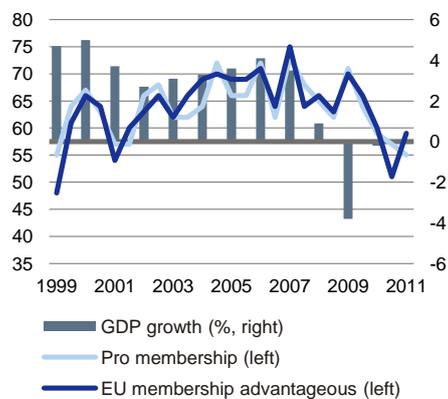
² At this juncture, the authors would like to emphasise their neutrality in respect of the political parties. This report does not make any recommendation on how to vote in the European elections. The classification into right wing and left wing parties displays the current state of public debate that is presently reflected in the media.



Euroscepticism gaining currency?

Spain 4

Opinion polls on EU membership



Sources: Eurobarometer, Eurostat, Deutsche Bank Research

Legislative Processes in the EP 5

The **Ordinary Legislative Procedure (OLP)** embraces several steps. In the first, a Commission proposal is debated in the plenary session. The EP can either approve the proposal (simple majority, 50% of the votes present) or propose amendments to the draft. If the Council of Ministers accepts the proposed changes, the legal act is deemed adopted upon publication. If the Council adopts a different view, the bill may go through second and third reading in the plenary. In second reading, the Parliament can either accept the Council's standpoint, amend it or reject it. If it is rejected, the legislation is defeated. In the event of an amendment the Council can either pass the legal act (by simple majority or, if the Commission rejects it, unanimously) or reject it. In the latter case, the bill is sent to a mediation committee. If this fails to reach a compromise, the law is also deemed to have failed. The EP's powerful veto right in the OLP already leads to informal exploratory talks between the Commission, Council Presidency and EP – in what is known as the informal *trilogue* (see Box 6) – in the run-up to first reading.

The **Consent Procedure** provides that Parliament be included in matters involving Treaty-amending procedures, exits of individual member countries and international agreements. However, it only has the right of approval or rejection – it has no further-reaching participation rights.

The **Consultation Procedure** enables Parliament to express its opinion. It has no rights allowing any further say. The application scope applies to, among others, competition rules, tax legislation and legislation pertaining to the single market.

In addition there are **special procedures** such as ones related to the budget, to Treaty amendments or to the European Citizens' Initiative, in which the EP has differing participatory rights, respectively.

European Parliament: A key player in the euro crisis?

Since the first direct elections to the European Parliament were held in 1979 it has gained legislative competences as a European institution with every amendment to the European Treaties. However, it still does not have a right of initiative. Together with the Council of Ministers and the European Council, the EP is merely able to table new legislative proposals with the European Commission. Therefore, the EP's de facto influence emerges primarily from its co-decision rights in the three types of legislative process in EU law (see Box 5).

The most important of these is the so-called "*Ordinary Legislative Procedure (OLP)*" – it is here that Parliament can veto single legislative acts. The OLP consists of up to three readings of Commission legislation, i.e. directives, regulations or decisions – and thus the EP can block or amend the three important legal acts of European secondary law. However, as a rule most of the legislative acts are accepted at first reading. This is partly due to prior intensive informal talks between the Commission, the Council Presidency and the EP – referred to as the *informal trilogue*. In the past term, 54% of all legislative processes were ordinary legislative procedures (356 out of 666). And in the Committee on Economic and Monetary Affairs (ECON) the figure was no less than 59% (69 out of 116).

One special facet of the European legislative process is the role played by rapporteurs. For each of the Commission's draft bills the rapporteurs play a key role in committees, examining the proposal at length and coordinating the formation of a joint position with the committee. The report submitted is then the basis for decision-making in the further course of the procedure. In this case there are two possibilities:

- Either the plenary votes on the legislative proposal and thus resolves the matter.
- Or else the respective report is used as a negotiating mandate in the *informal trilogue* (see Box 6), a process for coordinating the content of talks between the European Parliament, the Council of Ministers and the Commission. The plenary then votes on the compromise proposed by the trilogue.

The rapporteurs seek to intercede between the currently 162 groupings and factions from 28 countries in the plenary and reach a consensus. To put it simply, this is achieved via a three-pronged balancing of interests:

- within the political groups: between MEPs of different nationalities;
- within the committees: between MEPs of different political groups;
- and in the plenary meeting: between the political groups.

What the EP's influence means de facto for economic policy can be seen in three recent legislative processes on EU law packages that have left their unmistakable stamp on the economic architecture of the EU and the euro area.

- The *Economic Six-Pack* is a package consisting of five regulations and one directive that was adopted in September 2011. It was instrumental in reforming the Stability and Growth Pact and supplementing it with the surveillance of macroeconomic imbalances. Each of the six legal acts was commented by a rapporteur in the Economic and Monetary Affairs Committee (ECON) and put to a vote. Following the vote in committee there was an intensive trilogue between the Commission, the Council and the EP. After a consensus was found in the trilogue the reports with the compromise texts were passed with an absolute majority upon first



Euroscepticism gaining currency?

Informal trilogue: Informal channel of influence

6

In all of the important legal initiatives in the recent past the committee responsible has always decided to use the so-called informal trilogue procedure.

This refers to a round of negotiations between the European Commission (moderating role), the respective Council Presidency and the EP. The head of the mediation committee and the rapporteurs keep the committee abreast of the talks. The three positions are coordinated with one another and merged into a compromise proposal. This proposal is then put to a vote in the plenary session.

The trilogue procedure enables Parliament to exert its influence before any potential escalation of the issue if it fails to pass a reading or is earmarked for a mediation committee.

Sometimes not only compromise proposals are issued to the Commission but also mandates to examine further legislative procedures. However, in this case Parliament only has limited influence since the Commission invariably also has to consider the position of the Council.

Plenary voting behaviour on important reports

7

Either	Yes / No / Abstain
Six-Pack	
Report: Wortmann-Kool	354/269/34
Report: Feio	363/268/37
Report: Ferreira	554/90/21
Report: Goulard	352/237/67
Report: Haglund	394/63/206
Report: Ford	442/185/40
Two-Pack	
Report: Ferreira	501/138/36
Report: Gauzès	471/97/78
CRD IV package	
CRR: Karas	595/40/76
CRD IV: Karas	608/33/67

Source: European Parliament

reading. However, the voting results were quite mixed (see Box 7). The three reports on the reforms of budget policy surveillance (Wortmann-Kool, Feio and Goulard) received only a narrow majority.

- There was greater approval for the *Economic Two-Pack* – a legislative package consisting of two regulations that was passed by the EP in March 2013. It primarily provides for a preliminary check on draft national budgets by the European Commission and closer-meshed monitoring of countries receiving support from the euro bailout fund. Events here also led to a trilogue: during negotiations with the Council and the Commission the rapporteurs insisted on numerous conditions that were integrated into the reports on the two regulations – for example, a Commission proposal for an instrument to promote growth (volume: 1% of GDP annually for ten years) and an implementation roadmap for a debt redemption pact. At the end of the day, the Two-Pack was also adopted in first reading. The Commission and the Council subsequently seized initiatives that acted on these measures.
- Last but not least, the EP was able to exert its influence in the area of banking regulation. *CRD IV* is a legislative package that transposes the Basel III requirements for banks into European law by means of two legal acts. The CRD IV Directive (*Capital Requirements Directive*) mainly sets out the conditions for a banking licence and for the supervisory duties of the national supervisory authorities. It also defines the equity capital requirements for the capital buffers of the Banking Union. The CRR I (*Capital Requirements Regulation*) harmonises supervisory requirements for equity and debt capital in national law. In this case, though, the European Parliament seriously delayed the legislative process in the trilogue, since the rapporteurs insisted on, among other things, a tightening of the liquidity requirements, a heavier cap on management remuneration and a more transparent method of reporting tax payments and profits. They were largely successful in having their demands met. Therefore, the legislative package was not put to a vote until April 2013 – eleven months after the trilogue had begun – but passed in first reading.

Independently of day-to-day legislative business, the EP can act as an economic agenda-setter via resolutions. However, such resolutions are not legally binding. One fairly recent example is the resolution on the financial transaction tax of May 2012.

However, the EP has not taken part in all the key decisions on European policy of late. The operational implementation of all recently reformed processes of economic policy coordination under the European Semester (Stability and Growth Pact, Surveillance of Macroeconomic Imbalances, Integrated Guidelines) occurs outside the EP's jurisdiction. While the EP participates in the process via observers and is kept informed regularly, it does not have any say.

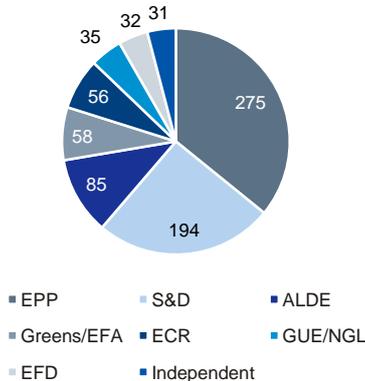
Equally, the EP has so far had no influence on the design of the euro rescue policy. The euro bailout funds (EFSF and ESM) are based on cross-border treaties under international law that were ratified by the national houses of parliament. The EP did not participate in these matters – partly due to the fact that to date there are no parliamentary co-decision processes that only apply to euro-area members. The EP does not participate in the EU's own support mechanisms (the EFSM and the balance-of-payments facility) either, even though these fall back on the EU budget as a guarantee for the bonds used to raise funds in the capital markets for rescue loans. They thus apply to all the EU member countries.



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Seat distribution in the EP, 2009-2014

8



Source: European Parliament

Moreover, the recent decisions on Banking Union and the Single Resolution Mechanism in particular make greater involvement of the EP in future also seem doubtful. This holds both for structural decisions setting up new mechanisms as well as for participation in ongoing procedures. The EP will only be able to help shape the economic policy architecture of the eurozone in the long term if the Union returns in future to the approach of building up this architecture via the traditional legislative processes for European secondary law and not on the basis of intergovernmental treaties under international law.

In recent terms of the legislature the EP's capacity to act has often been the result of close cooperation between the two dominant political groups: the EPP (European People's Party) and the S&D (Socialists and Democrats). Combined, they claim 468 of the total 766 seats and hence can usually form a comfortable majority. Apart from the smaller Liberal (ALDE), Green and Left political groups there are two further political groups that can be regarded in the broadest sense as part of the eurosceptic spectrum:

- the *European Conservatives and Reformists* (ECR) with 56 MEPs,
- *Europe of Freedom and Democracy* (EFD), which is the smallest political group in the EP. It includes UKIP and the Northern League.
- Moreover, there are 35 MEPs who partly follow eurosceptic positions and sit as independents.

This raises the question as to what role could be played by eurosceptic forces in plenary sessions and committees after the European elections. A variety of possibilities are conceivable.

Eurosceptics: Profiles and narratives

Comparison of European party milieus

9

A more nuanced differentiation of the party spectrum is to be found in the work of Chris Flood (2002), who distinguishes between six different levels of euroscepticism. The first three (rejectionists, revisionists and minimalists) may be regarded as eurosceptic. In the further course of this report we shall differentiate between moderate and hard stances.

Rejectionists: Positions that are directed either against EU membership or institutional participation.

Revisionists: Positions that seek a return of the integration process with a view to the respectively valid treaty or individual policies.

Minimalists: Positions that accept the status quo, but reject further integration and deepening of ties.

Gradualists: Positions which support further integration in small, cautious steps.

Reformists: Positions which support the reforms constructively and affirmatively.

Maximalists: Positions which argue clearly for an increase in integration, expansion or deepening.

Over the past two decades numerous eurosceptic movements have evolved in the EU member countries. The party landscape is extremely heterogeneous, and the parties' political agendas reflect a huge spectrum of positions in terms of content. These can be categorised according to different yardsticks. An obvious starting point for differentiation is the degree to which they reject the status quo.

- **Moderate eurosceptics** reject certain aspects of the European integration project or of the EU in the current institutional form. In the German context this is focused on the euro as the common currency. Moderate eurosceptics are also to be found, though, in countries that are not yet part of the euro area. The common argument there is that the supranational EU Treaties conflict with national interests.
- **Hard eurosceptics**, by contrast, fundamentally reject the European integration process, and consequently also membership of the EU. They have no interest in further development of the integration process.

Besides looking at these differing degrees of rejection it makes sense to further differentiate between the **right** and the **left** side of the party spectrum.

Especially the **right side of the spectrum** is home to a variety of parties and movements. This is shown by a look at the strong eurosceptic formation within Britain's ruling Conservatives (Tories). The right-wing parties often point to the national identity as being threatened by the EU. In line with the slogan "Europe yes – EU no!" they warn about massive cuts in national sovereignty and identity by Brussels' institutions, which allegedly lack closeness to citizens and proper democratic legitimacy. Moderate eurosceptic forces on the right are found among the so-called right-wing populist parties in the member states. What they share in common is criticism of centralism and Brussels' alleged regulation mania. In the argumentation of the right-wing populists, this criticism contrasts



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Eurosceptic narratives

10

Euro/Eurozone

- Rejection of the solidarity principle (for creditor/donor countries)
- Criticism of fiscal and austerity policy – fear of outside control (debtor/beneficiary countries)
- Rejection of the euro as a currency

EU structures in general

- Support for a Europe of nations, rejection of superstate
- Rejection of diplomatic negotiating discourse in the EU
- Rejection of “More Europe rhetoric”, criticism of integration process as one-way street
- Complaint that the EU is too centralised, bureaucratic, technocratic and inefficient
- Criticism of democratic deficit
- Accusation of structures being extra complex

National, cultural and regional identity

- Maintenance of longstanding tradition of the nation state – fear of dilution of national and regional identities
- Responsibility of the EU for mass immigration and trafficking and smuggling of human beings
- Rejection of multiculturalism
- Fear of outside influence on politics and culture

directly with what they say they want to represent themselves: closeness to ordinary people and rapid, unbureaucratic reactions to the needs of the national population. A second point of the right-wing populist narrative is the distinction between “us”, the normal, upstanding citizens, and “them”, the distant government bureaucrats and their institutions and procedures. Above all, they criticise the EU as being an expensive, abstract and bureaucratic elite project that consumes enormous sums of money without attending to the true needs of the population. In the context of the euro crisis the current transfers from the euro bailout funds were the spark for this criticism.³ The views of right-wing populist parties on immigration issues appear to be mixed. More moderate forces do not elaborate comprehensively on immigration issues, while more radical parties oppose immigration from non-European countries, at times revealing racist undertones. However, all the moderate right-wing forces are united in rejecting dogmatism and – despite all their objections – they all have a positive attitude towards the general process of European integration and its institutional environment. They do not have an anti-system attitude, but anti-party. They mainly criticise the question of “how”, not “if”.

Hard right-wing eurosceptics focus on the “if” aspect and sometimes aspire to achieve a radical upheaval of the existing society and value system. Their narratives are generally based on a rejection of the dominant democratic and constitutional system, and can include racist motives, hostility against minorities, strict rejection of immigration, dogmatism and references to conspiracy theories. The parties are usually not democratically structured but based on cadres. This very orientation renders parliamentary cooperation with moderate eurosceptic forces on the right rather improbable.

Euroscepticism is not only to be found on the right-hand side of the spectrum. The narratives of **left-wing eurosceptics** are different, though. The moderate left spectrum in particular criticises the EU’s integration programme for being geared to neoliberalism per se. In doing so, they often make reference to the single European market. Left-wing eurosceptics primarily voice the criticism that the single market has unleashed harmful competition in decisions on business locations, which they say goes hand in hand with a “race to the bottom” in labour and social conditions. A second frequently stated accusation is that the EU lacks commitment to stricter financial market regulation. The claim is that the lack of action results in unrestricted speculation in deregulated capital markets, this being harmful to the real economy. As a third argument, they postulate that the general austerity policy in the crisis states poses a threat to solidarity in society. Germany’s regulatory and economic policy dominance is often criticised in the process. One fourth point of criticism is the Common Security and Defence Policy. In analogy to the hard eurosceptics of the right-wing spectrum, the hard left criticises the competition-oriented European economic order, or globalisation in a broader sense, which they say is encouraged by the EU. Here, too, the call for systemic change is the core of their political agenda.

This all shows that the earlier “non-issues” of Europe and the EU are increasingly becoming a key point in competition between political parties. As mentioned at the outset, the agenda of the eurosceptics from all milieus generally covers three aspects: 1) the euro and the eurozone; 2) the structures of the EU; and 3) the issue of national, cultural and regional identity (see Box 10). These are supplemented by diverse national narratives that give rise to an extremely mixed picture. This suggests there is a plethora of nuances and marginal cases separating the individual movements. Despite all restrictions, though, the classification into right-wing and left-wing eurosceptics as well as into moderates and hardliners is helpful as a starting basis. Table 11 maps out

³ “Not a penny more” for bailout packages at our expense was one of the comments made by Timo Soinis, (True) Finns, in the election campaign in spring 2011 (Raunio 2012: 14-17). The Front National’s campaign for the presidential and parliamentary elections in 2012 was similar.



Euroscepticism gaining currency?

the various directions under observation. However, a detailed discussion of the parties and their narratives can only be conducted in connection with a look at the individual countries.

Focus on the most important countries

The eurosceptic party landscape in Europe is extremely mixed. This can be seen by looking at the individual countries. The event of new eurosceptic parties being established – as was the case with the AfD in Germany, for instance – is usually the exception. As a rule, these are either right or left-wing parties that in most cases had seized on national issues before the euro crisis erupted. They only started to criticise the EU and its policies once the crisis was underway.

Overview of the parties

11

		Alignment	
		Left	Right
Degree of intensity	Moderate	The Left (DE)* Left Front (FR)* Five Star Movement (IT) Socialist Party (NL)* Your Movement (formerly Palikot Movement) (PL)	Alliance for the Future of Austria (AT)* Freedom Party of Austria (AT)* Team Stronach for Austria (AT) Flemish Interest (BE)* Party of Free Citizens (CZ) Alternative for Germany (DE) Danish People's Party (DK)* The (True) Finns (FI)* National Front (FR)* United Kingdom Independence Party (GB)* Northern League (IT)* Forza Italy (IT)* Party for Freedom (NL)* Law and Justice (PL)* Sweden Democrats (SE)
	Hard	Communist Party of Bohemia and Moravia (CZ)* United Social Front (GR)*	Czech Dawn (CZ) British National Party (GB)* Golden Dawn (GR) Jobbik, Movement for a Better Hungary (HU)* Hungarian Dawn (HU)* Greater Romania Party (RO)* Slovak National Party (SK)*

*Party is currently represented in the EP.

For a long time, **Germany** did not have any explicitly eurosceptic party – disregarding initiatives from the 1990s (*Pro DM, Bund freier Bürger*). Eurosceptic debates were usually carried out via the media or they attracted public attention when individuals took the issue to Germany's Constitutional Court.

The founding of the eurosceptic *Alternative für Deutschland* (AfD) party in March 2013 changed the status quo. The AfD garnered 4.7% of the vote in the parliamentary election held in September 2013. The majority of observers categorise the AfD as moderates on the right-hand side of the spectrum. However, a definite classification is not possible yet since there is still no detailed party manifesto. Moreover, discussions about the European election programme bear the hallmarks of a liberal market mindset. Analyses of floating voters show that AfD voters come from the entire party spectrum; thus it is no surprise that since the general election there has regularly been factional

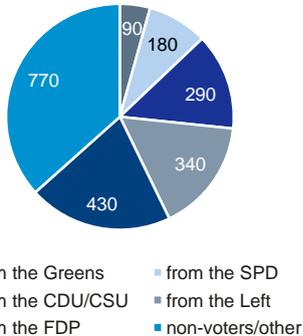


Euroscepticism gaining currency?

AfD: Swing votes

12

Number ('000) in German election in 2013



Sources: Infratest Dimap, Deutsche Bank Research

Germany's 3% threshold removed

13

On February 26, the German Constitutional Court (GCC) ruled the 3% parliamentary threshold for the European elections in Germany void. 19 small parties – including the Pirates party, the Free Voters and the right-wing extremist NPD, but not the eurosceptic AfD – had launched several complaints against the threshold. The judgment is not a surprise as the GCC had already rejected a 5% threshold for the European elections back in November 2011. The GCC's second senate now ruled that the 3% threshold was unconstitutional as it would interfere with the principles of electoral equality and equal opportunities for political parties.

The actual impact on the distribution of the German EP seats is limited. As Germany will send 96 members to the EP (down from 99 in 2009), an implicit threshold of around 1% of the vote remains. This is unchanged also after taking into account the applicable voting system (the so-called Sainte-Laguë method). Had the current rules already been in place for the EP elections in 2009, four small parties would have gained one seat each. Applying the EP voting system instead to the results of the 2013 federal election in Germany, small parties with less than 3% of the vote would have gained no more than four seats out of 96. In the latest polls, all parties below the 3% threshold would reach a combined 6%. For the larger parties, the direct consequences would be limited as well. In both cases, none would have lost more than one seat compared to the situation with a 3% threshold. However, for the eurosceptic AfD (around 5% in recent polls) and Angela Merkel's former coalition partner FDP (currently at around 4%), the abolition of the hurdle eliminates all remaining uncertainty and virtually guarantees that they will be represented in the new EP.

infighting over content. However, as the candidate lists are drawn up on a national basis the discord in the party's regional associations is unlikely to play a part. As a "one-issue party" the AfD could score particularly well in the European campaign with its specific issue – and thus attract voters from splinter parties, such as the NPD or the Republicans, on election day. Therefore, it remains doubtful whether these two parties will obtain one of Germany's 96 seats.

In addition, eurosceptic trends are to be seen in the Left party. At the time of the 2009 European elections, some candidates were not added to the party's list because they supported the Lisbon Treaty. The longstanding leader of the party, Oskar Lafontaine, actively campaigned against the treaty establishing a constitution for Europe and recommended on several occasions in 2013 that certain countries revert to national currencies. On a party conference in mid-February the Left party approved its election manifesto for the European elections that supports the European integration proves on the one hand, while painting a dark picture of the current state of integration on the other.

In **Finland**, the *True Finns party* mobilised their forces in the 2011 parliamentary election against the rescue package for Portugal and polled over 20% of the vote. The party, which has meanwhile renamed itself *The Finns*, campaigned to block certain tranches of bailout packages and renegotiate some bailout agreements. Since the Finnish Parliament has just as extensive a say as Germany's Bundestag, this demand will not remain an empty threat should this party actually be successful on election day. Besides the euro rescue policy the *Finns* mainly reject the subsidies and scale of redistribution in the EU budget. They are categorised among the moderate right-wing eurosceptics.

In **France**, eurosceptic parties from the right and left-hand side of the spectrum have attracted greater attention since the vote on the treaty establishing a constitution for Europe in May 2005. In the *Front National*, euroscepticism has been assuming a continually larger role next to the party's already familiar xenophobia. The party leader, Marine Le Pen, claimed nearly 20% of the votes at the last presidential election in April 2012. In the recent municipal elections the party was mainly able to increase its share of the votes in those communities where it ran for a post. In the European context the *Front National* also concentrates on economic and social issues which, considering the low growth rates in 2012 and 2013, have recently attracted much attention. In addition, Le Pen criticises globalisation trends and actively campaigns – depending on the opportunity presented by the occasion and on the news situation, though not systematically – for France's exit from the euro area. The party has a very stable voter base and can be classified in the moderate right-wing spectrum in spite of its sometimes radical positions.

On the left-hand side of the spectrum, Jean-Luc Mélenchon, a former Socialist, is challenging the establishment with his newly founded Left Party (*Partie de Gauche*), adopting a type of revolutionary rhetoric specific to France. He threw his hat into the ring for the presidential election in 2012 and captured roughly 11% of the vote in the first round of balloting. In his campaign he positioned himself against the alleged profiteers of globalisation, putative neoliberalism in the EU, the financial industry and "higher income earners". The Left Party is going to participate in the European elections in the framework of a party-overarching French alliance called the Left Front (*Front de Gauche*), as it did back in the 2009 elections. France's Communist party will also be represented here. It may be classified on the hard left. However, it is unlikely to capture a significant share of the vote.

In **Greece**, left-wing *Syriza* emerged from the parliamentary election on June 17, 2012 as second strongest party (26.9% of the vote). The young, charismatic leader, Alexis Tsipras, considers himself spokesman of the long-suffering "nation", regarding the EU as his chief enemy, one burdening his people with



Euroscepticism gaining currency?

bailout packages. His speeches regularly raise the impression that Greece's gigantic debt arose virtually without the participation of the nation or the government. He considers the culprit to be "international capital". Tsipras wants to usher Greece out of the crisis via a higher tax on rich shipowners, nationalisation of the banks and higher pensions. Syriza shows its verbal radicalism in expressions such as the "occupation" of Greece by the EU and Germany and in references to government officials as "crooks".⁴ Even though Tsipras has toned down his rhetoric of late, Syriza belongs to the hard left camp. This change of tack shows, in any case, that the rhetorical comments of eurosceptics must be treated with caution. Syriza's counterpart on the right-hand side of the spectrum is *Golden Dawn*, which falls under the hard right.

In [Italy](#), too, numerous parties sought to make their mark in last year's election with a critical stance on the EU. Traditionally known for its eurosceptic attitude is the *Lega Nord*, or Northern League. Some party representatives in fact went so far as to demand a return to Italy's legacy currency during the euro crisis. The Northern League can be categorised on the moderate right. One exceptional case is the *Popolo della Libertà* party (People of Freedom), which for many years was a member of the pro-European centre-right alliance *European People's Party (EPP)*. The comments made by longstanding party leader Silvio Berlusconi increasingly bore the stamp of euroscepticism in the course of the corruption accusations, disclosures about his private life and forced resignation as head of government in November 2011. Asserting this new position against the EU, austerity measures and Germany's role in European crisis management he took part in the national election in February 2013 and successfully established his profile. The eurosceptic wing of the *Popolo della Libertà* is observed to be breaking away from the main party. With its establishment as a new party under the former name of *Forza Italia* it clearly fits on the moderate right of the eurosceptic spectrum.

The Five Star Movement (*Movimento Cinque Stelle*) led by Beppe Grillo is lodged on the moderate left of the spectrum. For decades, Grillo has been known as one of Italy's most acerbic and most popular comedians. His Five Star Movement, established in October 2009, evolved into an increasingly influential political force within just a few years: the movement claimed the second-largest share of the vote in regional elections in Sicily, and it is the party that appointed the mayor of Parma. Ultimately, in January 2013 Grillo garnered nearly 25% in the Italian parliamentary election and became the strongest single party in that country. With their roots on the left politically, the "*Grillini*", or Grillo's followers, have no clear political agenda. The list of enemies covers not only globalisation in general but also trade unions, the political establishment, the justice system, the media and the EU.

In the [Netherlands](#) there are both left-wing and right-wing eurosceptics. The left-wing populist *Socialist Party* argues that the Dutch state has to protect its sovereignty against attacks from the European Union.⁵ As a consequence it rejects all aspects of economic and social deepening of integration in the – in their opinion – neoliberal Union. It also votes regularly against decisions regarding bailout measures. The Socialist Party can be categorised on the moderate left. A group to be found on the moderate right is the *Party for Freedom (Partij voor de Vrijheid)* led by Geert Wilders, which is now the third-strongest political force in the Netherlands (10.1% of the vote in the 2012 parliamentary election). In terms of content, the party positioned itself at home above all with harsh criticism of government immigration policy, managing to stage its opposition to great effect in the media (e.g. it launched a "reporting centre" for crimes committed by foreigners). With regard to euro bailout policy

⁴ See Panagiotidis 2012.

⁵ See Voermann, 2011: 186.



Euroscepticism gaining currency?

party leader Geert Wilders has often stated his goal of discontinuing support loans and reinstating the guilder as the Dutch currency in the medium term.

In [Austria](#) there is a broad spectrum of eurosceptic parties. Three of them are found on the moderate right. The *Freiheitliche Partei Österreichs* (FPÖ, or Freedom Party of Austria) is seen as a right-wing populist and hard eurosceptic party that likes to think of itself as representing the man on the street. It is represented in the National Council and in all nine regional parliaments (Landtage) and was able to increase its share of the ballot at the general election in October 2013 to over 20%. In the 2009 European elections it entered the EP with over 13% of the vote. The FPÖ has mobilised its followers particularly strongly against Austria's participation in EMU. In the election campaigns of the past few years the party attracted votes with its position against any "Islamisation" of Austria. It is difficult to differentiate between core voters and protest voters.

The *Bündnis Zukunft Österreich* (BZÖ, or Alliance for the Future of Austria) is closely linked with the person of Jörg Haider. The party was founded in 2005 by Jörg Haider and other ex-members of the FPÖ after serious infighting had led to discord in the FPÖ. In 2009 the party gained over 5% of the vote and entered the EP; in 2013, by contrast, the party fell short of the 4% needed for the National Council. One major difference from the FPÖ is the party's liberal business approach which is clearly committed to social market economics.

One newly established party is *Team Stronach*, a party set up by Austro-Canadian Frank Stronach, whose key demand is the abolition of the euro. Moreover, he demands a flat rate of taxation of 20%. Recently, Stronach has enhanced his profile with various concepts as alternatives to the euro. Among other things he proposes that crisis countries return to their legacy currencies and use the euro as a so-called "currency peg". In October, however, Stronach announced his withdrawal from politics after his party gained only 5.7% of the vote in the National Council election. Its participation in the European elections is up in the air. It will mainly be decided by whether a convincing candidate is found – so far this has not been the case.⁶

The candidate list of MEP Hans-Peter Martin, who entered the EP in 2009 together with two fellow candidates with over 18% of the ballot representing moderately left-wing eurosceptic positions, will not run for election any more.

In the [United Kingdom](#), the *United Kingdom Independence Party* (UKIP) garnered close to 17% of the vote in the last European elections, beating the *Labour Party* for second place. At the regional elections in May 2013 UKIP made substantial further gains and took nearly 150 of the local council seats being contested. UKIP's experience highlights what challenges may arise when a political party positions itself between hardliners and moderates. UKIP can be categorised on the moderate right wing of the spectrum. This may seem quite surprising considering UKIP's call for the UK to leave the EU. However, the classification does make sense as UKIP has a broad-based list of objectives – except for EU exit – that suggests it belongs on the moderate right of the spectrum. The demand for the UK to leave the EU seems to be a mainstream political issue in Britain. According to a 2012 survey, up to 56% of the respondents would favour exiting the EU. Among the Conservatives the total in support of leaving is 68%.⁷

⁶ Despite this uncertainty we have included Team Stronach in our projection in order to capture the voter potential. Should the party not run for the EP, the voter potential will obviously be spread among the other eurosceptic parties.

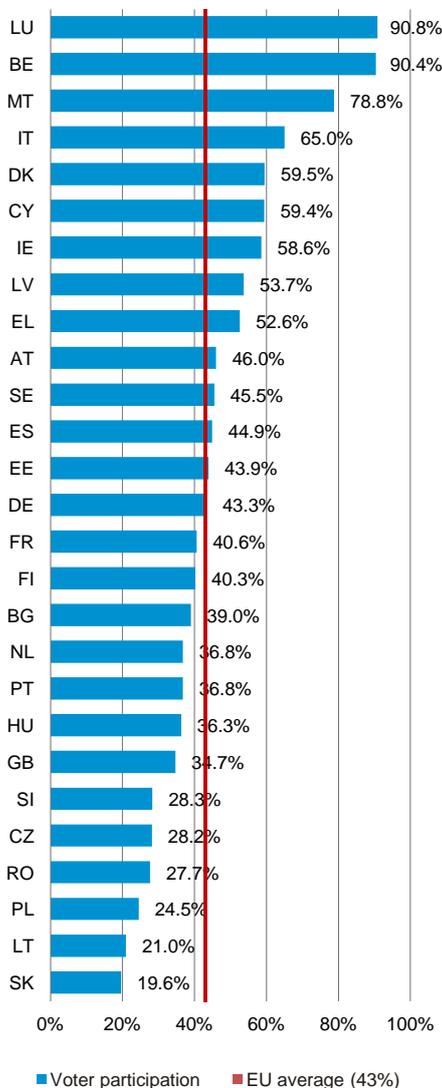
⁷ *Observer* survey of November 17, 2012. Some 34% of the respondents said they would "definitely" vote for Britain's exit if there were a referendum, while 22% said this would "probably" be their preference.



Euroscepticism gaining currency?

Voter participation in the EP elections 2009*

14



* LU and BE: voting compulsory

Source: European Parliament

This is echoed in the positioning of the ruling *Conservative Party*, which itself recently adopted a eurosceptic tone. For example, Prime Minister Cameron has announced plans to renegotiate the terms of Britain's membership. After the parliamentary elections in 2015 – though by the end of 2017 at the latest – a referendum is to be held on whether the United Kingdom should stay in the EU. While Mr Cameron is seeking to have Britain's membership confirmed, the announcement of a referendum shows how controversial the debate in the United Kingdom over EU membership has now become.

Austria and the UK are cases in point for showing that the different distribution of seats in the EP can certainly put the voting outcomes of national parties into a different perspective at the European level. While Austria has only 18 seats in the EP, the United Kingdom has 73 – and thus more than fourfold. This very fact is also of importance for the projection of the survey results with regard to the election outcome.

The widespread distribution of eurosceptic parties in the EU and the euro area raises the question as to why there are no significant eurosceptic movements in Ireland, Portugal or Spain. All three countries have been EU members for quite a long time – Ireland since 1973; Portugal and Spain since 1986. Most of the time these countries have been net recipients of EU support, either from the agricultural budget or from the structural and cohesion funds. This suggests that EU membership is initially perceived to be something positive. However, since these arguments also apply to Greece, where eurosceptic parties have recently attracted huge support, it seems appropriate to take a closer look at country-specific reasons that explain the absence of eurosceptic parties.

In [Spain](#) one primarily finds the regional parties seeking to raise their profile at the regional level with eurosceptic positions. Regardless of this, in Spain the causes of the national crisis are mainly regarded as misguided developments that occurred in the national property and financial industries. Last but not least, Spain is not required to fulfil any special economic or fiscal reform conditions under the current bank bailout programme. Voter participation at the last European elections came to 44.9% in Spain, slightly outstripping the EU average of 43%.

The picture is similar in [Portugal](#): the causes of the national imbalance are found mainly in the national framework – European politics are not being blamed in public debate. If at all, the opposition on the extreme left of the spectrum (Communist Party, Leftist Bloc) may take eurosceptic positions. However, their poll readings are negligible in respect of the European elections. The minor Portuguese interest in European issues is mirrored in voter participation at the last European elections (36.8%).

[Ireland](#) is a special case. The country that has always attached considerable political importance to subsidiarity and national identity shows greater interest in European policy issues – if voter participation at the last European elections (58.6%) is taken as the benchmark. The causes of the crisis – the imbalance in the national financial system that then turned into a budget crisis due to extensive bank guarantees – are found in national politics and are not generally regarded in connection with EU membership. The rise in unemployment since the crisis began has not changed this at all. The conditionality of the support programmes is confined, moreover, to the financial sector and public finances in particular. Last but not least, the end of the aid programme for Ireland will probably help boost sentiment.



Eurocepticism gaining currency?

Differing electoral laws

15

European electoral law varies substantially among the EU member countries.

For instance, there are differences in the age limits for the right to vote. In Austria, people may participate in European elections as early as the age of 16, while in most other countries this is not possible until they turn 18. The age from which one may stand as a candidate also varies between 18 (Germany) and 25 (Greece, Italy and Cyprus).

Furthermore, the election dates also differ – voting takes place in the period between May 22 and May 25.

As Table 16 shows, 14 of 28 EU member states have national entry thresholds for the European Parliament. However, in most cases, the legal thresholds do not apply due to higher implicit thresholds that emerge from the fact that single parties need to have a higher share of votes in order to have at least one MEP representing them. One typical example is Austria, which has a legal entry threshold of 4% but an implicit entry threshold of at least 5.5%, as there are only 18 Austrian MEPs.

Moreover, differences apply to the counting of the ballots and the distribution of seats. While some countries use the Sainte-Laguë vote-counting procedure, others use the D'Hont procedure. Still other countries use hybrid forms.

Electoral thresholds for the EP

16

Country	Seats	Legal Threshold	Implicit Threshold
FR	74	5%*	-
IT	73	4%	-
PL	51	5%	-
RO	32	5%	-
HU	21	5%	-
CZ	21	5%	-
GR	21	3%	4.7%
SE	20	4%	5.0%
AT	18	4%	5.5%
SK	13	5%	7.7%
LT	11	5%	9.1%
HR	11	5%	9.1%
SI	8	4%	12.5%
LV	8	5%	12.5%

*Per constituency
Source: European Parliament

Projection

The broad spectrum of eurosceptic parties could gain relevance in view of the European elections on May 22-25. Of particular interest in this context is what prospects eurosceptic parties might have of winning votes at the European elections and what the implications for economic policy are. Initial assessments can be derived here with the help of a projection of national survey readings in various scenarios.

The table on page 14 shows over 27 eurosceptic parties from 16 European countries altogether which intend to run for election. The survey readings obtained from national opinion polling institutes allow conclusions to be drawn on the potential distribution of seats in the future European Parliament. However, several methodological restrictions are required.

- **Polls:** Most polls are based on traditional election surveys and are still conducted with reference to the national government and – as observations started early – still make no reference to the European elections.
- **Electoral law:** National electoral law differs from member country to member country.
- **Degree of mobilisation:** Voter turnout may be lower in European elections than in national elections and/or the mobilisation potential of eurosceptics may be higher given the terms of reference.

The latter aspect in particular merits special attention. Past elections have shown that the outcomes of national elections differ greatly from those of the European elections. This is not to be explained solely by the time interval elapsing between the elections and thus diverse voter preferences. Rather, the large differences could be partly due to the fact that the voter turnout for European elections is lower than for national elections and this tends to give protest parties a greater chance of success in European elections. This is underpinned by a look at voter turnout, which is far lower in European elections than in national parliamentary elections in all countries – with the exception of Belgium where voting is compulsory⁸. Campaigns in countries with a strong eurosceptic bias in particular could be especially effective in the run-up to the European elections. In this context, political scientists often argue that European elections are regarded by voters as “second-order elections”⁹. They say that the electorate thus tends to vote in a way that is meant to teach their national politicians a lesson. This protest voting behaviour then feeds through as higher shares for extremist parties on account of a lower voter turnout. Nonetheless, it is doubtful whether more voter potential is mobilised than in other cases. Every forecast based on current surveys must take these differences into consideration.

It is inadvisable to draw comparisons with past elections assessing whether there was a systematic relationship between a generally eurosceptic population and a higher voter turnout; after all, the euro crisis is likely to have fundamentally changed the perception of European integration since the last European elections in 2009.

The overview table on page 14 shows the current polling surveys on the eurosceptic parties in their respective countries.¹⁰ The projection seeks to take

⁸ Voting is compulsory in Luxembourg, too – but euroscepticism is not a major issue there.

⁹ For a fundamental analysis see Reif, K. and H. Schmitt (1980).

¹⁰ Observations always focused on the most recent poll, though not on the average voting preference of a certain timespan – such as the preceding three or six months. Since the surveys were conducted independently of one another and repeated at differing intervals, opting to use an average reading would result in undesired distortions.



Euroscepticism gaining currency?

Electoral law and projection methodology 17

The differing election systems in the EU member countries represent a challenge in attempts to simulate voting outcomes based on surveys, especially since further assumptions must be made with regard to the votes cast for other parties.

The table on p. 14 therefore simplifies the process and applies the readings obtained in national polls (taking account of national entry clauses) to the seat distribution formula of the respective EU member country. Three different scenarios are calculated on this basis.

The number of seats in the EP was then rounded with a neutral impact on the sum.

account of the restrictions outlined above using three scenarios understood to be a snapshot of the status quo. The differing assumptions lead to various distributions of seats and groupings, respectively.

- **Scenario 1** assumes that the eurosceptic parties will get the share of votes in the European elections attributed to them in current opinion polls for national elections. In the baseline scenario, the mobilisation of eurosceptic parties is assumed to be as high as for the rest of the parties. In this case, the scenario sees the eurosceptic parties observed on both sides of the spectrum combined garnering 17.2% of the vote. With a total of 751 seats in the EP, this corresponds to 129.
- **Scenario 2** assumes that eurosceptics can mobilise more voters than established parties. In Scenario 2, the degree of mobilisation of eurosceptic parties is set as the average between the voter turnout in the last national parliamentary election and the voter turnout in the last European elections. In this moderate scenario the eurosceptic parties could reach a share of 22.2% of the vote and thus 167 seats in the EP.
- **Scenario 3 is an extreme scenario.** This scenario assumes that those persons who say they vote for eurosceptic parties in national polls do not change their voting behaviour in the European elections, and these show the same voter turnout as in the last national parliamentary election. For all the other established parties, by contrast, it is assumed that they can only mobilise their constituency to the low degree achieved in the last European elections. In this extreme scenario the eurosceptic parties could reach a share of up to 27.2% of the ballot and claim 204 of the 751 seats in the EP.

The distribution of votes and seats in the three scenarios can also be categorised according to the respective party milieu. These considerations are relevant above all in respect of the potential for forming a political group in the EP. The implications of these differing scenarios are discussed in the following section.



Eurocepticism gaining currency?

Country	Party name (in English)	Party name (in local language)	Outcome in 2009 European elections		Voter participation in 2009 European elections		Latest poll reading ²	Date of survey	Electoral threshold	Seats of member country in the EP	Seats under				
			European elections	participation in national election	Outcome in last parliamentary elections	participation in last parliamentary elections					Scenario 1	Scenario 2	Scenario 3		
Moderate right-wing eurosceptics															
AT	Freedom Party of Austria	Freiheitliche Partei Österreichs (FPÖ)	12.7%	46.0%	20.5%	74.9%	27.0%	2014-03-11	4%	18	5	35.5%	6	44.0%	8
AT	Alliance for the Future of Austria	Bündnis Zukunft Österreich (BZÖ)	4.6%	46.0%	3.5%	74.9%	1.0%	2014-03-11	4%	18	0	1.3%	0	1.6%	0
AT	Team Stronach for Austria	Team Stronach	x	46.0%	5.7%	74.9%	2.0%	2014-03-11	4%	18	0	2.6%	0	3.3%	0
BE	Flemish Interest	Vlaams Belang (VB)	9.9%	90.4%	7.8%	89.2%	7.2%	2013-10-06	-	21	1	7.2%	2	7.1%	1
CZ	Party of Free Citizens	Strana svobodných občanů (SSO)	1.3%	28.2%	2.6%	59.5%	2.5%	2013-10-26	5%	21	0	3.8%	0	5.2%	2
DE	Alternative for Germany	Alternative für Deutschland (AfD)	x	43.3%	4.7%	71.5%	5.0%	2014-03-23	3%	96	5	6.6%	6	8.3%	7
DK	Danish People's Party	Dansk Folkeparti	14.8%	59.5%	12.3%	87.2%	18.6%	2014-03-23	-	13	3	22.9%	3	27.3%	4
FI	The (True) Finns	Perussuomalaiset	x	40.3%	18.1%	70.5%	16.9%	2014-03-04	-	13	2	23.2%	3	29.6%	4
FR	National Front ³	Front National (FN) ³	6.3%	40.6%	13.6%	57.2%	21.0%	2014-03-11	5%	74	15	25.3%	19	29.6%	22
GB	United Kingdom Independence Party	United Kingdom Independence Party	16.1%	34.7%	3.1%	65.1%	10.0%	2014-03-20	-	73	8	14.4%	10	18.8%	13
IT	Forza Italia	Forza Italia	x	65.1%	x	75.2%	23.2%	2014-03-18	4%	73	17	25.0%	19	26.8%	20
IT	Northern League	Lega Nord	10.2%	65.1%	4.1%	75.2%	3.2%	2014-03-18	4%	73	0	3.4%	0	3.7%	0
NL	Party for Freedom	Partij voor de Vrijheid (PVV)	17.0%	36.8%	10.1%	74.6%	16.2%	2014-03-13	-	26	4	24.5%	6	32.9%	9
PL	Law and Justice	Prawo i Sprawiedliwość	27.4%	24.5%	29.9%	48.9%	31.0%	2014-03-10	5%	51	16	46.4%	24	61.8%	31
SE	Sweden Democrats	Sverigedemokraterna	3.3%	45.5%	5.7%	84.6%	8.0%	Mar 2014	4%	20	1	11.4%	2	14.9%	3
Potential number of seats											77	100	124		
Potential share of seats											10.3%	13%	17%		
Hard right-wing eurosceptics															
GR	Golden Dawn	Chryssi Avgi	0.5%	52.6%	6.9%	62.5%	10.5%	2014-03-10	3%	21	2	11.5%	2	12.5%	3
GB	British National Party	British National Party (BNP)	6.0%	34.7%	1.9%	65.1%	1.0%	2014-03-20	-	73	1	1.4%	1	1.9%	1
HU	Jobbik Movement for a Better Hungary	Jobbik Magyarországi Mozgalom	14.8%	36.3%	16.7%	64.4%	15.0%	2014-03-10	5%	21	3	20.8%	5	26.6%	6
RO	Greater Romania Party ²	Partidul România Mare ³	8.7%	27.7%	1.5%	47.1%	4.0%	2014-01-21	5%	32	0	5.4%	2	6.8%	2
SK	Slovak National Party	Slovenská národná strana	5.6%	19.6%	4.6%	59.1%	5.2%	Jan 2014	5%	13	1	10.4%	1	15.7%	2
Potential number of seats											7	11	14		
Potential share of seats											0.9%	1%	2%		
Moderate left-wing eurosceptics															
DE	The Left	Die Linke	7.5%	43.3%	8.6%	71.5%	10.0%	2014-03-23	3%	96	10	13.3%	13	16.5%	16
FR	Left Front	Front de Gauche	6.0%	40.6%	6.9%	57.2%	9.0%	2014-03-11	5%	74	6	10.8%	8	12.7%	9
IT	Five Star Movement	Movimento 5 Stelle	x	65.1%	25.6%	75.2%	20.0%	2014-03-18	4%	73	15	21.6%	15	23.1%	17
NL	Socialist Party	Socialistische Partij	7.1%	36.8%	9.7%	74.6%	11.9%	2014-03-13	-	26	2	13.6%	4	18.3%	5
PL	Your Movement (formerly Palikot Movement)	Twój Ruch (ehem. Ruch Palikota)	x	24.5%	10.0%	48.9%	5.0%	2014-03-10	5%	51	3	7.5%	4	10.0%	5
Potential number of seats											36	44	52		
Potential share of seats											4.8%	6%	7%		
Hard left-wing eurosceptics															
CZ	Communist Party of Bohemia and Moravia	Komunistická strana Čech a Moravy	14.2%	28.2%	14.9%	59.5%	15.2%	2014-03-12	5%	21	3	23.6%	5	32.1%	7
GR	United Social Front (Syriza)	Syriza	4.7%	52.6%	26.9%	62.5%	28.5%	2014-03-10	3%	21	6	31.2%	7	33.9%	7
Potential number of seats											9	12	14		
Potential share of seats											1.2%	2%	2%		
Potential number of eurosceptic seats in the EP											129	167	204		
Potential share of eurosceptic seats in the EP											17.2%	22.2%	27.2%		

Table: Jennifer Köhler and Lilian Sachtleben



Euroscepticism gaining currency?

A “Eurosceptic International”?

18

In recent weeks right-wing European populists under the leadership of Marine Le Pen, Geert Wilders and Heinz-Christian Strache have sought to form an alliance for the European elections. Their target is to form a new eurosceptic political group in the EP.

To do so they will require at least 25 seats and members from seven countries. The current survey highs of the National Front, Party for Freedom and Freedom Party of Austria indicate they could reach the quorum for constituting a political group. Two out of our three scenarios show that attaining the minimum number of 25 seats would not be a problem (Scenario 1: 24 seats; Scenario 2: 31 seats; Scenario 3: 39 seats). However, it will be a particular challenge to gain backing in a minimum of seven countries as required. Parties such as Belgium’s Flemish Interest and the Sweden Democrats could join the alliance as could Italy’s Northern League. However, the latter would weaken the Europe of Freedom and Democracy group on the moderate right wing.

For more moderate parties, such as the British UKIP, Danish People’s Party, The Finns or even Germany’s AfD, membership of this political group would be likely to jeopardise their national acceptance. UKIP has already explicitly ruled out joining – their MEPs are already members of the EFD group anyway. Moderate groupings have distanced themselves from the alliance of late. At the same time, it will not be in the alliance’s interest to embrace clearly extremist, aggressively military forces such as Hungary’s Jobbik or Greece’s Golden Dawn.

The objective of developing a “Eurosceptic International” is still far off in the distance.

Implications

The projection indicates that the next EP will probably have a larger share of eurosceptic parties than was the case in recent terms of the legislature. The question is what such a development of the party spectrum will now mean for the EP’s decision-making authority and future political tack.

Even if the significance of eurosceptic movements looks certain to increase in the next European elections, the two large political groups S&D and EPP will most likely continue to have a simple majority after the election – albeit with a smaller lead than the current 85 MEPs.¹¹ In the unlikely case that they fail to achieve this majority, the cross-party cooperation with the Greens and the Liberals which has already proven its worth in previous legislative procedures could be resumed. This should guarantee a simple majority. Only on extremely rare occasions does the EP need a two-thirds majority to pass legislation, for example for a vote of no confidence against the European Commission or to reject the EU budget. If such initiatives should emerge, however, the support of eurosceptics is likely a certainty, and this should secure the EP’s ability to act.

Regardless of the political will and ability of the established parties to cooperate, it remains questionable whether eurosceptics will indeed gain influence even if they achieve better election results and secure more parliamentary seats. Three arguments suggest this will not be the case:

- **Insufficient consistency in objectives:** As outlined before, most eurosceptics share the demand for more national sovereignty. As a consequence, they primarily represent national interests. Also, their political agendas differ substantially. In the past there have been several initiatives supported by both right and left-wing eurosceptics, such as the financial transaction tax, which was advocated by UKIP as well as by the representative of Austria’s BZÖ. However, since the legal acts of European secondary law generally constitute a compromise between national interests, permanent cooperation between the eurosceptics in day-to-day parliamentary business is less likely. Moreover, it is to be doubted that protest parties will develop any interest in compromise solutions. Having their political legitimisation in their home countries in mind, they may generally prefer to refrain from forming coalitions. Regardless of this aspect, it seems doubtful that they would ever see eye to eye on destructive package solutions in day-to-day business. Furthermore, the fact that seven of the 27 parties observed have never been represented in the EP so far is likely to be a major factor. To be able to act extensively, they will need a certain period of time to adapt to the daily business of committees and European politics. Last but not least, it is doubtful that splinter groups of individual members will be able to organise themselves professionally to the same extent as the established political groups with their extensive pools of staff.
- **Difficulties in forming a political group in the EP:** The de facto impact of eurosceptic MEPs will depend on their success in forming a further political group. The creation of a political group enhances parties’ influence in parliament, for example via additional financial allocations, representation in committees and the right to introduce draft proposals. Table 19 shows the results of the projection again in respect of the differing party milieus. The group of moderate right-wing eurosceptics will probably be the largest eurosceptic group in the EP with between 77 and 124 seats, depending on the scenario. However, this does not allow any conclusion to be drawn on the probability of a new eurosceptic political

Overview of the three scenarios

19

Seats in the plenary of the EP (share)

Scenario	1	2	3
Moderate right-wing eurosceptics	77(10.3%)	100(13%)	124(17%)
Hard right-wing eurosceptics	7(0.9%)	11(1%)	14(2%)
Moderate left-wing eurosceptics	36(4.8%)	44(6%)	53(7%)
Hard left-wing eurosceptics	9(1.2%)	12(2%)	14(2%)
Total share	17.2%	22.2%	27.2%
Total seats	129	167	204

Source: Deutsche Bank Research

¹¹ The EPP and the S&D currently hold 468 of the 766 seats in the EP. The number of members will be reduced to 751 in the next legislative term.



Euroscepticism gaining currency?

group emerging. While it seems certain that the 25 seats required to form a political group will be garnered, it is questionable whether the requirement of their coming from at least seven different member countries will be fulfilled (see Box 18). Regardless of this it is up in the air whether a further eurosceptic political group could have a lasting impact on agenda-setting in the EP. After all, even the successful formation of a new political group does not solve the issues of inconsistencies in objectives within the political group due to divergent interests, which were outlined before. This has even led to the downfall of one eurosceptic political group in the past: in 2007 the right-wing populist *Identity, Tradition, Sovereignty* group (including Vlaams Belang, Front National and the FPÖ) collapsed after a few months because of massive internal bickering over immigration policy regarding Romanian minorities. Adding to this, the established political groups will most likely not consider eurosceptic groupings to be reliable partners in everyday political routines. At least this is what is suggested by the limited influence of eurosceptic parties currently in the EP (ECR and EFD), which have not been able to effectively raise their profile in the legislative process – apart from a few comments which caught the media's attention. Last but not least, it is still open whether the prospect of a potential blockade might not spark interest among the established political groups to cooperate more closely.

- **Rapporteurs in committees:** A third factor likely to limit the eurosceptics' influence despite improved election results is the role of rapporteurs in the committees. Especially with regard to regulatory issues where different interests must be reconciled, rapporteurs are motivated to gear their efforts towards the least common denominator. It is very rare for the final versions of their reports to contain extreme positions. In particular concerning regulatory issues, which involve strong national interests, the EP rarely assumes an explicit position due to its consensus orientation. This holds all the more when the EP wants to avoid weakening its position in legislative interaction with the Council. In this case, general agreement would be reached among the parties, although this would not significantly delay the legislative process. If, however, there is a lack of agreement on details of the content, eurosceptic political groups' requests for amendments to individual points could indeed have a greater chance of acceptance and thus render the overall picture of the reports even more inconsistent. This scenario yields the risk that the EP might unnecessarily squander its influence in those areas of regulation in which it continues to have a say, considering that the regulatory environment is increasingly being driven by intergovernmental agreements in the wake of the euro crisis.

Even though the direct influence of the eurosceptics is likely to be limited despite improved election results there is definitely the risk of an indirect impact on European policy. The possibility of the European election outcome inducing a [feedback effect](#) on national political attitudes is not to be underestimated. A good turnout for France's Front National could, for example, jeopardise President Hollande's recently announced market reform policy. A good performance by UKIP could reignite the debate in the UK on the benefits of EU membership and fuel speculation on the outcome of the referendum about whether to stay in the EU. In Italy, observers are similarly likely to interpret the performance of eurosceptic parties in the European elections as a response to the new government's reform course. Eurosceptic MEPs surely are aware of this indirect influence. Thus, they can be expected to use speeches in the plenary primarily to raise their profile in their home country.

The last aspect above is certain to have repercussions on the national level. With an eye to national elections [domestic governments](#) might conceivably step



Euroscepticism gaining currency?

up efforts to present themselves as the “guardians” of national interests. In respect of future intergovernmental negotiating rounds – say on an overhaul of the ESM or EU treaties – this could weigh on collaboration which, to date, has been pragmatic and geared to finding a consensus. Even if the danger of a full blockade is unrealistic, there is certainly a risk that special interests could lead to extensive opt-out clauses, delays in the negotiations and thus to inconsistent negotiating results. The fact that such assumptions are not unrealistic is shown by the Finnish government's stance during the negotiations on the second bailout package for Greece in summer 2011. After the success of the *True Finns* in the concurrent parliamentary elections, Finland insisted on extra guarantees from Greece to additionally shore up its support commitments. Ultimately, agreement was only reached when the European partners made concessions.

The [capital market's reaction](#) towards the eurosceptic parties improving their performance at the European elections is likely to be moderate. Most investors are probably aware that the European Parliament has no influence on acute euro rescue policy. Nevertheless, a large share of eurosceptics winning in the European elections could be perceived as evidence that the continent's electorate does not thoroughly support the policy course in the current crisis. This is especially true given that many EU citizens are not sufficiently aware of the Parliament's competences and would have nothing against using their vote in the European elections as a feedback channel towards national elites. Thus, after the European elections investors' attention could be more intensely drawn towards political risks again – rather than risks in the financial system.



Outlook

The outlook for the European elections in May remains fraught with uncertainties. However, national surveys allow preliminary conclusions to be drawn on the new composition of the European Parliament. Eurosceptic parties could very well have greater representation in the coming legislative term than today.

Nonetheless, it has to be noted that the eurosceptic spectrum is severely fragmented and only under certain conditions will it be able to form a moderate right-wing political group in the EP. Even if this were to succeed, such a political group would still be marked by infighting and squabbles.

Meanwhile, however, the European integration process per se will continue to be sustained by the governments of the member countries. Since the outbreak of the euro crisis they have reinforced the intergovernmental momentum of European integration and therefore will probably retain the role of initiator and driver. It remains to be seen to what extent the public debate in the run-up to the European elections will use this argument as further evidence of a democratic deficit in the European institutions. However, the EP will probably continue to be able to function – though be even less able to take unequivocal positions owing to a lack of internal unity. This in turn is likely to result in eurosceptic movements continuing in future to use their positions above all as an instrument of opposition in the national party competitions. Combined with the signal effect of the election outcome, a good turnout for eurosceptic parties will probably also prove to have a resounding impact on politics in the member countries.

What applies to all the EU models of the future which are under discussion now is that they are anything but uncontroversial. Not only national debates but also the conduct of several governments suggest that European integration will not be a one-way street to “*more Europe*” in future. The establishment of European statehood and/or the related required renouncement of sovereignty will remain a vision; however, a return to national or subnational interests would be a dubious way out considering the complexity of European integration achieved to date.

The debate over the future course of European integration will be marked by this current state of uncertainty and will be influenced by the electoral successes chalked up by eurosceptic parties.

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Printed by: HST Offsetdruck Schadt & Tetzlaff GbR, Dieburg

Print: ISSN 1612-0272 / Internet/E-mail: ISSN 1612-0280