The next "battle for Europe"?

European Parliament elections 2019

Accelerated by the consequences of the financial/economic and migration crisis, the influence of anti-European, anti-migration movements with a populist playbook in the EU is growing. For the EU, the next crucial stocktaking of voters' sentiment will be the 2019 elections for the European Parliament on 23-26 May. The next EP will be formed after the UK leaves the EU in March, with the numbers of MEPs to be reduced to 705 from currently 751 and 27 seats redistributed between members.

The European political landscape and with it the composition of national parliaments in the EU member states has changed over the last five years and in some countries substantially so. These shifts can be expected to be reflected in the next European Parliament (EP) as well, and – as already the case in the Council – impact European policymaking.

Our calculations, based on current national polls, suggest a loss of EP seats for most centrist pro-European groups and a visible gain for anti-EU and EU(ro)sceptic alliances. Polls suggest that the Christian Democrats (EPP) would remain the largest group in the EP with 25.2% (-3.9 pp). Socialists and Democrats (S&D) would bear the heaviest losses (-5.9 pp) and only reach 19.1% of seats. According to our poll-based calculations, the liberal ALDE could potentially gain 10.5% to 13.5%, depending on whether French President Macron's En Marche will join the alliance. The far-right ENF could gain the most (+3.4 pp) and increase its share of seats to 8.1%. Together with the EU-sceptic EFDD (6.5%), ECR (7.1%) and other anti-EU parties, they could reach more than ¼ of seats in the next EP.

Strengthened EU(ro)sceptic parties would have a substantial impact on policymaking in the EU over the next five years but should fall short of a veto power. Polls suggest that EPP and S&D would lose the absolute majority. They would need to build consensus with other EP groups for the nomination of the next Commission's President and other policy decisions such as the EU budget that require an absolute majority.

Anti-EU parties might not find the broad agreement required to build a united movement in the EP; but their potential strengthening and closer collaboration would still increase the complexity in the EP, hamper voting and decision-making and contribute to further tensions and disputes in an increasingly disunited Union. The populist parties' most powerful channel to influence European politics most likely remains their role in member states' national politics, though.
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Populism, anti-EU sentiment and the 2019 EP elections

The rise of populism around the globe is dominating the public debate, if not already before then certainly since the 2016 US Presidential elections, the British Brexit vote and, more recently on the European continent, the formation of a government coalition of right-wing and left-wing EU(ro)sceptics in Italy that see themselves confronted with "enemies" in Brussels. In 2017, still, the electoral success of French President Macron on the basis of a pro-European campaign, the formation of a pro-EU mainstream Dutch government and the re-election of Merkel as chancellor of a grand coalition in Germany seemed to have provided signs of some relief in this regard. But even back then, the impact of anti-European, anti-migration movements that often follow a clearly populist playbook on EU member states' politics could no longer be disregarded.

For the EU, the next crucial stocktaking of voters' sentiment will be the 2019 elections for the European Parliament (23-26 May). Not only will the EP elections take place after the UK has left the EU on March 29, leading to a reduction of seats in the EP from currently 751 to 705 and accompanied by a redistributing of 27 seats to members that are currently considered as underrepresented. But the elections could also lead to a significant shift in the majority relations in the European Parliament (EP), following the rise of Eurosceptic and outright anti-European, nationalistic and populist forces across member states.

In this study, we will (i) discuss the driving forces of anti-European populism in Europe and whether there is a specific form of “European” populism, (ii) present poll-based calculation of potential changes to the party and group composition in the next EP and what this new balance of power could mean for European policymaking over the next five-year term and beyond, and (iii) will conclude with a discussion on why this matters, thereby looking at the considerable role of the European Parliament in the EU's decision-making process.

EU(ro)scepticism and populism in the EU – the same thing?

The EU, the complex integration concept of shared sovereignty between nation states, adds an additional layer to the rise of populists and their political strategies, providing an often easy target and scapegoat for domestic issues.

Without doubt, the consequences of the 2008 financial and consecutive economic crisis, the question of migration and a perceived cultural backlash are among the major drivers for the increase of populism not only in Europe but around the world.

The European twist to this phenomenon can be found in the way the euro crisis and refugee crisis are perceived to have been (mis)managed by EU governments and bodies, which seems to have taken a toll on citizens' confidence in EU/national institutions and European integration in general.
Three main drivers of anti-EU sentiment

— ** Fallout of the 2008/9 financial crisis.** Bail-out packages both for member states and banks and the attached conditions have been met with strong criticism from different places: euro area members tend to regard themselves either as victims of a moral dictate over fiscal prudence or they feel pressed to pay for self-inflicted failures of euro partners. This mutual mistrust complicates the enforcement of the fiscal framework and progress in the institutional set-up of the euro area which are essential to improve its crisis resilience.

— **2015/16 refugee crisis.** In terms of the refugee crisis, the political and societal consequences are unfolding with a time lag. Despite a significant decrease in the numbers of new refugees, the perception of voters resonate with the rhetoric of so different parties as the German CSU or Italy’s League. Here again, the coherence of the EU in general and its capability to provide solutions to problems in particular are questioned. The current asylum system fuels a feeling of abandonment in front-line countries such as Italy, Greece and soon Spain which are still faced with a steady flow of migrants. At the same time, the perception that front-line states are not living up to their obligations fuels nativism across the EU.

— **National sovereignty and role of the EU.** While economic and fiscal policy as well as migration are particularly sensitive fields of politics, they are certainly not the only matters, where the impact and role of the EU and its institutions on public and private life on the national level are increasingly the focus of domestic political debate. This boils basically down to the question of balance of power between the EU and its member states; to the question about how much should be decided in Brussels and how much in the national capitals, about subsidiarity and the delegation of sovereignty to a supranational body; but it is also about the degree of democratic legitimacy and representation in the EU and its institutions.

Populism in its anti-European shape – a permanent challenge for the EU and the euro area

Despite long-standing European integration, the supply side of populism through domestic policy is pretty much a given. Right-wing and left-wing populist movements join forces with a decisive EU-sceptical approach (sometimes even ventilating an exit of the EU or the euro area) that often makes the EU out to be the scapegoat for (mal-)developments on the national level. Populists do not need to be part of a government to have an impact on European politics. They can put pressure on their respective governments and thereby constrain the scope for compromise at the European level. They can also push for letting commitments slip, e.g. on budgetary matters, or actively disregard them, e.g. on migration where the clash between a joint decision on EU level and the refusal of some member states to apply the decision became a case at the ECJ. This in turn undermines the credibility of European rules and institutions.

In addition, frictions in the decision-making process can harden the perception of inefficiency and feed frustration with EU politics that is perceived to be out of touch with EU citizens. Such a vicious cycle plays into the hands of the EU-sceptical forces who put the nation-state first, no matter if policy coordination on the EU level brings added value or not. The leverage of EU-sceptical populists over the course of European policy/integration is of course even higher if they

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The next "battle for Europe"?

The next "battle for Europe"?

While the European political landscape and with it the composition of national parliaments in EU member states have changed over the recent years and in some countries substantially so, these shifts are not fully reflected in the seat distribution of the current European Parliament that was elected in 2014.

The outcome of the 2014 EP elections certainly already hinted at an increased popularity of Eurosceptic and anti-European parties, but in the day-to-day work of the Parliament they did not exert the influence observed in the domestic policy debate. However, this is likely to change following the 2019 EP elections, as poll-based calculations suggest a potentially significant shift in the next EP's composition towards anti-European parties. This might become a test for the smooth functioning of the EP as a major player in the EU's triangle of institutions involved in decision-making: The Commission, the EP and the Council.

Shifts in the European political landscape – to be continued?

The transformation of the European landscape is not an abrupt disruption that just occurred a few years ago, even though events such as the financial/economic and consecutive migration crisis certainly had an accelerating effect. The composition of the EP has already changed markedly not only during the last years but over the last two decades. While there are various country-specific differences, on the EU level these changes can be broadly summarized as three major trends.

— A declining voter turnout
— Stronger fragmentation in the political spectrum
— Declining vote share of established centrist parties

Voter turnout at the European Parliament elections has followed a continuously declining trend over the last 35 years, falling from 62% in 1979 to only 42.6% in 2014 (chart 3). The drop in election participation rates can be observed for almost all original EU member states, e.g. in Germany from 66% to 48% and France from 61% to 42%. In the UK, where scepticism towards the EU always has been more pronounced, voter turnout never exceeded 40% (36% in 2014). Only in countries where voting is compulsory such as in Belgium and Luxemburg, did turnout approach 90% (chart 4). The sharp drop in turnout observed at the 2004 elections also reflects the accession of new member states, where turnout has mostly been below 30% right from the beginning.

The fading interest and absence of more than 50% of the European electorate from the EP elections, in particular in the new member states, is particularly worrisome for two reasons.

— Perceived lack of voters’ influence. As participation in EP elections has always been (substantially) lower than in national elections, this might demonstrate that a major share of voters considers the EP (or their own votes) as less important, despite the broad impact of EU legislation on domestic policies and the increasing role of the EP in the European legislation over the last years. Indeed, almost 50% of Europeans answered in the latest Eurobarometer poll that they feel that their vote does not count in the EU (compared to only 36% for their own countries and with pronounced national differences). This number declined from almost 70% at the height of the euro crisis in 2013 and the share of respondents who feel...
that their vote does count reached its highest level since 2004 at 45%. Still, this is only a little comfort, given the European efforts to strengthen representation, accountability and democratic legitimacy on the EU level in particular through the EP.

— Frustration and distrust in EU and national politics. Secondly, the low turnout might reflect a lack of acceptance and general frustration with European politics and institutions, as it is often also one of the main reasons behind low turnout in national elections. However, this conclusion cannot be confirmed unambiguously by recent EU polls. 45% of Europeans support the view that "things are going in the wrong direction", compared to only 31% that feel things are developing broadly the right way. But on the national level, even 49% believe that the general trajectory is not a good one. Similarly, when it comes to trust in institutions, poll results are no comfort for the EU. 48% of respondents "tend not to trust" the EU. Among EU institutions, the European Parliament performs even best with only 39%, ahead of the Commission and the ECB. But again, distrust of national governments and parliaments is even stronger at 61% and 60%, respectively.

Regardless of its precise drivers, the decline in EP voter turnout is a serious setback for efforts to address often pronounced concerns about a democratic deficit in the EU. One of the crucial questions surrounding the 2019 EP elections is whether this downward trend will continue or can be broken.

While voter turnout in EP elections has continued to decline since the millennium, it was accompanied by another phenomenon – an increasing fragmentation of parties elected into and groups formed in the EU's legislative body. Of course, this fragmentation is not limited to the EU level but rather mirrors the fragmentation of the political landscape on the national level of EU member states. The observed loss of lifelong voter loyalty particularly towards large Christian and social democratic centrist parties has been well debated and might to a large extent be a response to the transformation into increasingly liberal and individualist post-industrial societies that took place across Europe in the last decades of the 20th century. With ideological dividing lines between centre-right and centre-left parties increasingly blurring after the end of the cold war, room for new and often more radical parties was left at the political fringes.

Often following a rather sentiment than fact based agenda, many of these parties managed to appeal to parts of the electorate in Europe that increasingly felt left behind (and left alone by centrist parties) in the generally observed rise of prosperity assigned to globalization, European integration and technological progress. As these developments affect parts of the population across the continent, parties with a pronounced anti-EU, anti-globalisation and anti-migration agenda gained in Northern as well as Southern, Eastern as well as Western Europe (see chart 6).

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Polls suggest centrist parties would lose seats to EU(ro)sceptics

Based on recent information from 27 EU member states’ electoral polls taken from the Poll of Polls website we calculate a possible outcome of the 2019 EP elections. Seven months ahead of the elections, this exercise does not claim to provide a point forecast but rather tries to illustrate how current political sentiment would translate into the next European Parliament. For all countries except France, no polls for EP elections are available. We therefore use national polls as a proxy, confirming through back testing on the 2014 EP elections that this approximation is justified. In terms of EP political groups, we base our calculations on current faction membership. New parties that are not yet in the EP but already confirmed their alignment are assigned accordingly. New parties with no clear faction affiliation (including French President Macron’s En Marche) are summarized under “New”.

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National electoral characteristics such as barring clauses are taken into account.
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2019 European Parliament elections – poll-based calculations of potential faction results

The results in a nutshell: our calculations based on current polls suggest a loss of EP seats for most centrist pro-European groups (except ALDE) in absolute and relative terms and a visible gain for anti-EU and EU(ro)sceptic alliances. Between parties, the potential losses and gains are distributed very unevenly. Socialists and social democrats (S&D) might bear the heaviest losses and far-right ENF might gain the most, as suggested by national polls. This would have a non-negligible impact on the future EP’s ability to form majorities.

— Polls suggest the European People’s Party (EPP) to potentially lose 41 seats compared to the EP's current composition, reducing its number of MEPs from 219 to 178 but to remain the strongest faction in the next EP. According to our calculations based on current information, the EPP could reduce its share of seats by 3.9 pp to 25.2%. In the – rather unlikely – case that Hungary’s Fidesz (against which a majority EPP members supported recent vote on opening an Article 7 procedure) would leave EPP, the group could lose another 12 members and its EP share would drop to close to 23%.

— The Alliance of Socialists and Democrats (S&D) may be the biggest loser in the next EP, both in absolute and relative terms. Its number of seats could potentially drop by 53 from currently 188 to 135, its share of seats by 5.9 pp to 19.1%. It will likely remain the second largest political group in the EP after the EPP but increase its distance from currently 4 pp to 6 pp.

— The EP’s Liberals and Democrats for Europe (ALDE) might register a small gain in the next EP, seeing its number of seats rise despite Brexit by 6 to 74 and its share of seats rise by 1.4 pp to 10.5%. It thus would replace the ECR as the third largest faction in the EP. As French President Macron has not yet confirmed the political alignment of the liberal En Marche in the next EP (whether it will join ALDE or create its own political group) it has been excluded from this estimate. Assuming that En Marche would join ALDE, it would add 20 to the group's MEPs and 3 pp to its share of seats, as suggested in recent polls.

2019: potential number of seats (total 705)  
Current number of seats (total 751)

Sources: Deutsche Bank Research calculations, based on PollofPolls.eu data

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2019: potential number of seats (total 705)  
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Conservatives and Reformists (ECR) may be the biggest loser of Brexit, as with the UK leaving the EU in March, the ECR’s largest member, the British Conservatives, will leave the EP. The ECR could potentially reduce its seats by 23 to 50 and its share of total seats by 2.6 pp to 7.1%.

The United Left/Nordic Green Left (GUE/NGL) might increase its number of seats by 6 to 57 or 8.1% the next EP, as suggested by polls. However, risks are high that the group might break up after the next EP elections. French leader of “La France Insoumise” Jean-Luc Mélenchon together with Spanish Podemos, Portuguese Bloco de Esquerda and three Scandinavian leftist parties earlier this year formed the movement “Now the People” and announced to found their own group. This would cost GUE/NGL 28 of its seats in the next EP. However, an EP group requires 25 MEPs from 7 different countries. Given that GUE/NGL currently has MEPs from only 12 EU countries (and without the six from the “Now People Movement only has 24 MEPs left under our poll-based calculations), this would raise the question how a split of the faction could actually be accomplished.

The Greens/European Free Alliance (Greens-EFA) could lose 10 seats to 42 while its relative share would drop by 1 pp to 6%.

Based on current polls, the biggest winners of the next EP elections would be the far-right anti-EU Nations and Freedom Group (ENF) and Freedom and Direct Democracy Group (EFDD). ENF would gain 22 seats, pushing its number of MEPs in the next EP to 57 and its share by 3.4 pp to 8.1%. EFDD would win 4 additional seats, totaling 46, a share of 6.5%.

The number of non-aligned (“NI”) MEPs/parties would drop to 11 from currently 23. 9 of these are from far-right and 2 from far-left parties. However, our poll-based calculations suggest that 55 seats could go to new MEPs/parties that are not aligned to a group in the EP yet. Taken together, they would be the fourth largest "group", accounting for almost 8% of seats. Almost 1/3 (20 seats) belong to French President's Macron’s En Marche while the other 35 seats could come from 13 different EU countries. Among these, around 40% can be affiliated with national conservative, far-right and anti-EU-populism.

Implications of the election results for the next EP

Based on our polls-based calculations of the potential outcome for the May 2019 EP elections, three core questions will be of particular relevance:

— Will the "grand coalition" between EPP and S&D hold?
— Can anti-EU groups and parties build a united bloc in the EP?
— Will En Marche join ALDE or build a pro-European platform?
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EPP and S&D – the end of the "grand coalition" within the EP?

EPP and S&D could lose their absolute majority. In previous EPs, there has been a comfortable 50% to 70% majority for an (informal) "great coalition" of the Christian and social democrats. This had a broadly stabilizing impact on voting in the EP and thus EU policymaking over the last decades, with only marginal room left for anti-European and radical groups on the political right and left. Our calculations based on current information suggest that this cannot be expected after the 2019 EP elections anymore, as the joined EPP/S&D share could fall from the current 54% to only 44%.

As for many EU members at the national level, potential changes in the composition of the EP are not only from centrist pro-European towards anti-European and nationalist parties. Also within the pro-European moderate political spectrum, the fragmentation observed over previous years seems to have continued. And, as on the national level, this means that majority-based policymaking will require compromise between more political groups, thus increased complexity. A break of the S&D’s and EPP’s agreement (if they carry on after May 2019) could add substantially to this increased complexity.

Majority of losses of EPP and S&D in Germany, France and Italy. The potential loss of voter support of Christian and social democrat parties compared to 2014 EP elections is a European phenomenon. Both parties from the EPP group and the S&D group had to give up some share of EP seats in a majority of EU27 countries. To some extent, this might be compensated by the redistribution of seats after Brexit between member countries – i.e. EPP and S&D might lose less seats in absolute terms than % of seats in member countries. The largest potential loss of seats both for the EPP and S&D can be attributed to the EU27’s three largest members – Germany, France and Italy.

For the EPP, the seats potentially lost in these three countries account for almost half of all seats lost in all 27 EU members together, as suggested by polls. For the S&D, Germany, France and Italy could account for more than two-thirds of the lost seats. Of course, it is no surprise that a drop in voter support in the three largest EU27 countries has a proportionally large impact on seats in the EP – but with a combined share of 36% of all MEPS in the next EP for Germany, France and Italy, our poll-based calculations suggest that their relative contribution to EPP’s and S&D’s weakening could be overproportional. Remarkably, in particular what is frequently considered a crisis of social democracy in the EU seems to be a crisis of its representatives in the union’s three largest countries and economies, despite their, in many aspects, substantially different characteristics.

ENF, EFDD, ECR & friends – rise of a united EU(ro)sceptic group?

The strengthening of anti-EU and EU(ro)sceptic parties, mainly from the political far-right and national conservative spectrum, can be observed across Europe. Polls suggest that they will remain strong in countries, where they gained a substantial foothold already in previous EP elections, such as in France (Front National/National Rally), the Netherlands (PVV) as well as in Austria (FPÖ), Hungary (Fidesz) and Poland (PiS), where they are even (part of) the government. In Slovakia, our poll-based calculations suggest that two-thirds of the parties to enter the EP might come from the EU-sceptic, national-conservative and radical right wing spectrum.
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But when it comes to the biggest gains of populist, nationalist anti-EU parties, two countries again stick out among their peers – Italy and Germany. In Italy, the anti-EU government coalition of Lega Nord and M5S might win 52 seats or almost 70% of Italy’s total seats for the ENF and EFDD in the next EP. In Germany, the far-right anti-migration AfD could gain 14 additional seats, contributing a total of 15 (or 16% of Germany’s seats) to the EFDD.

It remains to be seen to what extent anti-EU and nationalistic groups in the EP will be able to overcome their previous discrepancies and build a more united bloc. Currently, EU(ro)sceptic parties are mainly split between ENF, EFDD and ECR. This is partly due to differences in the political orientation and ideology between parties but also is partly owed to the personalities and claims for leadership in large anti-European and EU(ro)sceptic parties. Marine Le Pen’s Front National (which is now called National Rally) belongs to ENF, as does Italy’s Lega, Austria’s FPÖ and the Netherlands’ Party for Freedom. EFDD includes among others Nigel Farage’s UKIP, Italy’s Five Star Movement and Germany’s AfD. ECR’s largest party are the British Conservatives but it also includes the Polish Law and Justice and the Sweden Democrats.

Voting discipline within (and between) the ENF, EFDD and ECR has been much lower in the past than in the major centrist EP factions. However, there are signs that for the next European elections this might change. Party leaders across the anti-EU spectrum expressed their desire for a more united faction within the parliament. Italy’s deputy PM Matteo Salvini (Lega) called for a “League of the Leagues of Europe, bringing together all the free and sovereign movements that want to defend their people and their borders”, while Austria’s FPÖ leader Heinz Strache aims to become the third strongest faction in Europe.

After Brexit, EFDD will not only lose with UKIP its largest member – our poll-based calculations suggest that it is likely to also miss the required parties from 7 member states in order to form a political group within the EP. If ENF was to be dissolved and ENF would manage to integrate the remaining members (or align them in a newly-founded group), it could indeed become the third strongest group in the EP with 103 seats (14.6% of total), even before ALDE including En Marche.

If one goes further and assumes in a hypothetical scenario that other EU(ro)sceptics would join such a group, including all ECR members, Victor Orbán’s Fidesz (which would leave the EPP) as well as anti-EU and nationalist MEPs that are currently not aligned to any faction, this would add up to around 190 – or 27% of seats in the next EP. Anti-European parties could thus become the strongest group in the EP, even before the EPP at 25%. This is certainly what former advisor to US President Trump, Steve Bannon, had in mind when he recently co-founded “The Movement” to rally all anti-EU forces under one banner. So far, the reception of these efforts among EU-sceptic party leaders has been rather lukewarm.

However, while unity and consensus among EU critics is necessary for constructive policymaking, it is not so much for giving other groups in the EP a hard time. Even without a joint agenda, these groups could make coalition building (as on the national level) much more complex and block votes.

A pro-European platform – led by French President Macron?

Anti-EU parties and EP groups are certainly resourceful in exploiting crises and infights within the EU to depict the Union as dysfunctional and undemocratic and to present themselves as the people’s voice to bring back sovereignty to the
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national level. However, even based on their potential gains in the next EP elections, they are far from representing the majority of the European electorate. With 27% of seats potentially going to anti-EU and EU(ro)sceptic groups, 73% would be secured by pro-European MEPs. And even if pro-European and centrist factions in the EU would not agree on all issues that the EP has to decide on, they do agree in their commitment to the EU's institutions and fundamental principles and values.

French President Macron's vision to build a new pro-European "En Marche" platform could be a pro-European answer to the growing number of Eurosceptic parties and to a possibly more unified anti-EU movement in the EP. He already received support from the Spanish Ciudadanos (ALDE) and negotiated with other parties across Europe.

Prominent members from the Liberal ALDE group including German FDP party leader Christian Lindner also verbally supported the initiative. Recently, President Macron and Dutch Prime Minister Mark Rutte confirmed that they together with other liberal leaders have reached an agreement to join forces of En Marche and ALDE in next year's EP elections.

Whether that means that Macron is willing to join the ALDE group (or the other way round?) remains open. Macron's agenda for EU/euro area reforms including a euro area budget, EU finance minister and a macroeconomic stabilisation package (see also "Meseberg: not a Franco-German vision for Europe but a workable roadmap", June 2018) is rather unlikely to gain much support among liberals. In fact, with his concrete plans for the euro area, Macron might be closer to social democrats in the European capitals. However, as it has become clear over the last few months, that the appetite in Germany's government for far-reaching euro area reforms is low, Macron might well put his European focus on rallying pro-European groups against growing influence of nationalists and EU(ro)sceptic parties in the EP (and Council). He will also need strong partners in the upcoming game of musical chairs for EU top positions (Presidents of the Commission, Council, ECB and more, see also further below), in particular as under the Spitzenkandidatensystem (which ALDE is not a particular fan of), the EP’s strongest group is likely to present the next President of the Commission.

Why the elections are important: The EP on equal footing with the member states in most policy decisions

The view of the EP as a European institution is somewhat ambivalent: some argue that the EP de facto decides on almost all issues relevant for EU citizens, others that the center of power still rests with the EU Council and thus with the member states. The voter turnout in EP elections over the decades reflects these mixed feelings. Ironically enough, in terms of the demand for more democratic structures and the representation of the people in the EU, voter turnout decreased in parallel with the increasing influence of nationalism and EU(ro)sceptic parties in the EP (and Council). He will also need strong partners in the upcoming game of musical chairs for EU top positions (Presidents of the Commission, Council, ECB and more, see also further below), in particular as under the Spitzenkandidatensystem (which ALDE is not a particular fan of), the EP’s strongest group is likely to present the next President of the Commission.

### Legislative procedure in the EU

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<td>Act adopted</td>
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Sources: European Parliament, Deutsche Bank Research

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9. However, to a certain extent the EP still lacks full democratic legitimation given the inequality of representation (a German MEP represents 800,000 inhabitants, a Luxembourg one 80,000) and rules of national ballots applied to EP elections as well.
representing the governments of the member states became the general rule for adopting legislation at the EU level. The share of EU legislation adopted with the EP’s full participation has now reached almost 50%.

The ordinary legislative procedure (Art. 294 TFEU) foresees that on the basis of a proposal by the EU Commission the two co-legislators in the end have to approve an identical text. It is the EP, though, which has to start the procedure by presenting its opinion on the Commission’s proposal, be it with or without amendments. Usually the vote is taken by simple majority. In parallel or subsequently inter-institutional negotiations with the Council will take place to finalise and adopt the legislation. It usually ends with a compromise package agreed between the representatives of the EP and the Council (and the Commission).

In the event of no conciliation between the EP and the Council, the legislative piece has to be dropped. This has been rather rare over recent history but indicates possible consequences of a less constructive and more fragmented EP. The EP has the power to substantially slow down or even derail EU legislation – and though some might argue that the EU is already overly bureaucratic there will be continued need for either new or amended regulation to keep the single market including financial services running. Brexit in particular and the negotiations on the post-Brexit relationship between the EU and the UK will have to involve the EP, too.

Without the burden to support a government the EP can be more confrontational and independent vis-à-vis the Commission and the member states. In particular with regard to the latter, MEPs sometimes have to strike a delicate balance as they are somehow “servant of two masters”: they are elected to represent the interests of his/her (domestic) constituency and, to a certain extent, the programme of the respective (national) party but at the same time form a European response to certain policy issues. Sometime the national party line might differ from what the faction of the European party family supports. In case of the German conservative MEPs, this can be observed with regard to euro area issues where there has been a lower coherence in voting with the EPP faction than usual. Still, this is rather an exception in terms of voting behaviour and party cohesion to be observed in the past. At the same time, though, the EP’s increased role in the inter-institutional relations comes with more responsibility to strike compromises and make progress on the tabled issues. Often, a pragmatic solution between the EP and the Council – sometimes changing the initial draft from the EU Commission significantly – outweighs the option of “no deal” which might also weaken working relations with member states in the Council.

Despite the above-mentioned influence, there remains one significant difference between the EP and most national parliaments: The EP cannot by itself bring forward a legislative piece and trigger the decision-making process. The EU Commission is the only EU institution that has the right of initiative according to the EU Treaty. Thus, the EP can only (re-)act once the EU Commission has tabled a legislative proposal. This implies that even with a significant role of EU-sceptical parties the EP cannot, for example, change the fiscal framework or the EU Treaty. The EP, however, may with a majority of its members request the Commission to submit a proposal on a matter which the EP considers important for the EU in order to implement the Treaties (TFEU Art. 225). The Commission has to inform the EP on the reasons should it not submit a proposal, i.e. the EP cannot force the Commission into proposing a legislative act.

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11 See e.g. https://www.votewatch.eu/
Where the European Parliament matters going forward

While the EP only needs to be consulted in policy fields such as tax, competition and some social policy issues, the co-decision and consent powers cover some 85 areas of Union action ranging from most single market regulations (e.g. MiFid II) to international trade agreements (e.g. CETA, accession of new members) and budgetary policy.

The next EU budget 2021-2027

The question of the EU's finances, in particular, has proven to be an important battle field between the EP and the Council. Throughout the years the final deal on the EU budget could only be found on the highest political level, i.e. between the presidents of the three involved institutions, the Commission, the EP and the Council.

It is less about the annual budget but about the multi-annual financial framework (MFF). The EP has to approve with a majority of its members the 7-year budget framework which, in turn, is linked to the legislative procedures for the EU spending programmes such as structural and regional policy. In other words it is about policy design and political priorities. Budgetary decisions have never been easy, with the EP usually demanding more funding than the member states are prepared to offer but the upcoming negotiations on the MFF 2021-2027 promise to be particular thorny – no for two major reason:

First, it will be the first MFF without the UK contributing to it as an EU member, aggravating conflicting lines over the volume of the budget.

Second, presumably more limited resources increase the tensions between net-contributors and net recipients on the use of funds and whether criteria for eligibility should be introduced.\(^\text{13}\) It seems rather unlikely that a political agreement on the next MFF will be reached in this EP term, leaving the negotiations to the newly-elected parliament and possibly new majorities.

Appointments, accountability and scrutinising of EU bodies

The EP’s weight will become evident in 2019 both with regard to the election campaign as well as the replacement of important posts such as the succession of Jean-Claude Juncker as the Presidents of the Commission and his cabinet, the succession of Mario Draghi at the helm of the ECB and other senior posts (see chart 15). The binding nature of the EP’s position taken varies, sometimes reflecting hard won powers through informal means (e.g. hearings with subsequent vote on a candidate for the EU Commission or the ECB Governing Council).

In the narrower context of the EP elections, selecting a new president for the Commission will be particularly challenging. The Lisbon Treaty granted the EP a larger role in approving the Commission president but it is still up to the Council to nominate a candidate. While the Treaty provisions read straightforward, it is in fact not.\(^\text{14}\)

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\(^{14}\) Art 7 TFEU: “Taking into account the elections to the European Parliament and after having held the appropriate consultations, the European Council, acting by a qualified majority, shall propose to the European Parliament a candidate for President of the Commission. This candidate shall be elected by the European Parliament by a majority of its component members.”
The political groups in the EP used this provision to come up with a new method to designate the candidate (“Spitzenkandidat”) for the post of the EU Commission president. According to this process, the leading candidate of the political group winning the EP elections should become the next Commission president. The procedure was invented for the first time for the elections in 2014 for which the S&D selected Martin Schulz and the EPP Jean-Claude Juncker – the latter then made it to the top of the Commission.

The EPP – as most of the mainstream parties (see timeline, chart 1) – will elect its leading candidate at its Congress, in this case on 7-8 November. Endorsed by Chancellor Merkel, EPP faction leader, Manfred Weber (Germany, CSU) already threw his hat in the ring for the top position but has been recently challenged by former Finnish PM and MEP Alexander Stubb. Also within S&D (which will nominate its candidate in December), two current Commissioners – Frans Timmermans (The Netherlands) and Maroš Šefčovič (Slovakia) joined the race. While it is likely that the EPP will remain a leading force after the 2019 elections, installing its center-right “Spitzenkandidat” as the next Commission’s president will not be a fast-selling item. The potential weakening of the two bigger mainstream parties in the upcoming EP elections suggested by recent polls implies that the nomination of the next Commission President will require a broader cross-party consent to pass the majority vote. Given the new balance of power after the elections and EU governments’ reluctance to endorse this process – they fell short of turning down the designate leader process at their February summit but rejected any automaticity – anything is possible ranging from a compromise candidate from the “outside” to a prolonged period until the new Commission finally resumes office. Formally, the next Commission takes office on November 1, 2019 but there have been delays in the past already.\(^15\) EP will also have to adopt the list of members of the Commission following respective hearings. In the end, the Commission as a body is subject to a vote of consent by the EP followed then by a qualified majority vote of the European Council. More generally, if the mainstream right and left parties lose control over the chamber it would likely complicate replacements for other top jobs beyond the Commission. This holds true to a certain extent also where the EP has only a right of being consulted on the nomination by the member states, e.g. the next ECB president. Even in those cases, the EP has used its informal powers to expand its influence over the final solution introducing confirmation hearings.\(^16\) An example for this is the recent nomination process of Luis de Guindos as Vice-President of the ECB. More generally, the EP pushes for a better gender balance of the ECB’s Executive Board.\(^17\)

Limits to the EP’s political weight

The EP has its limits, though, where politics are made beyond its influence. This happened in the early period of euro area crisis management when member states opted for intergovernmental solutions such as setting up the EFSF/ ESM or agreeing on the fiscal compact. The EP came back into play when the two important legislative packages on the strengthening of the economic and fiscal surveillance and coordination, the so-called “Six Pack” (November 2011) and “Two Pack” (May 2013) were adopted under co-decision rules. The EP was also involved in the creation of the Single Supervisory Mechanism where it gained a say in the appointment of the ECB’s supervisory board chair and vice-chair as

\(^{15}\) A particular case was the second Barroso Commission which took office only on February 10, 2010 after an intense debate between the EP and the Council.

\(^{16}\) The EP has used hearings in its ECON to vote for the candidates to the Executive Board of the EBC and also gained a role in the selection of executive offices of the SSRM, EBA and EFSI.

\(^{17}\) Some academics argue that populism might even endanger central bank independence as a populist policy could work towards a politically controlled central bank. See Masciandaro, D. and F. Pasarelli (2018). Populism and Central Bank Independence. SUERF Policy Note 33.
The next "battle for Europe"?

well as a strengthening of the EBA. It had to make concessions to the Council in terms of governance issues. But it left a more pronounced mark in the medium-term design for a banking union with regulations such as the BRRD where the EP insisted e.g. on stricter (capital) requirements for banks. The EP will also play an important role in the legislation to establish a European Deposit Insurance Scheme further down the road.

2019 EP elections – beware of the EU(ro)sceptics?

The strong performance of EU(ro)sceptic parties in current polls gives an indication of what to expect in the upcoming EP elections next May. With the current information at hand, they look likely to substantially increase their share of seats in the EU's legislative body. Whether this means that they will become a more unified group remains to be seen. Pro-European forces, in particular around French President Macron, have accepted the challenge and might rally under the banner of a joint campaign. Seven months ahead of the elections, the outcome is far from being a given and the power of predictions is certainly limited. A lot can still happen until then; and given the low voter turnout of previous rounds as well as observed volatility in polls, a high degree of uncertainty will remain. There is still substantial time left for EP groups and parties along the political spectrum to mobilise supporters and shape the final result. Concerns about foreign cyber-attacks and attempts to influence the outcome of the EP elections through social media, bots etc. also remain high.  

Current polls suggest that coalition building in the next EP is likely to become more complex, as the traditional informal "grand coalition" of EPP and S&D might lose its absolute majority. But this could also be an opportunity for pro-European groups to closer align their interests across factions in order to present a strong bulwark against efforts of anti-EU groups to block constructive policymaking; and to prove critics wrong, who see Europe united in disunity. More than ever, the next EP will be a forum for heated debate and disputes about the future of Europe. But this not necessarily needs to be a bad thing.

18 See e.g. EC (2018). Commissioner King's keynote speech in the opening plenary of the High-Level Conference on Election Interference in the Digital Age.
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