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The Relaunch of Europe

Mapping Member States' Reform Interests:
A Comparative Analysis

Europa

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Deadline for data collection: September 2017

Editorial deadline: June 2018

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EXECUTIVE SUMMARY

The »RelaunchEU« project maps the scope for reforms in the EU-27. Experts from all member states except the United Kingdom have delivered country issues, in which they evaluate whether national governments and relevant progressive parties¹ support 12 concrete reform proposals in the policy areas of Social Union, Economic and Monetary Union (EMU), Defence Union and asylum and migration as well as the general question of flexible integration. The country issues can be downloaded on the website: www.relaunch-europe.eu.

The study found four flagship projects that are widely supported by both progressive parties and national governments in the EU-27:

- Upward convergence of national social security schemes;
- Fighting tax fraud and tax evasion on a European level;
- Extending EU military planning capabilities;
- Extending competences of the European Border and Coast Guard Agency (EBCG).

These four projects have the potential to become key drivers for further reforms of the European Union (EU), as they bridge dividing lines between member states. Upward convergence of national social security schemes and fighting tax fraud and tax evasion on a European level are supported by governments and parties from proponents of a stability union as well as supporters of a fiscal union. Agreement on these two projects could pave the way for further compromises on reforming the EMU. Extending EU military planning capabilities is supported in the East and West among pro-European and rather sceptic member states regardless of how they position themselves concerning the role of NATO in European defence and EU policy towards Russia. Finally, the extension of competences of

the EBCG is a project that can overcome the deadlock in reforming the Common European Asylum System as supporters and strong opponents of the quota system for re-locating refugees in the EU support the proposal.

While there is wide agreement on the usefulness of these four flagship projects across the party lines, there is clear disagreement concerning the idea of a fiscal capacity for the euro zone. While most governments are hesitant to support it, fearing that it might constitute a first step towards permanent fiscal transfers, an overwhelming majority of progressive parties clearly see the need for some form of public risk-sharing to stabilise the EMU. Therefore, the project of introducing a fiscal capacity might become a progressive flagship project for the Social Democratic Parties and a means to delineate themselves clearly from conservative ideas to reform the EMU. Yet, any design of a future fiscal capacity needs to take concerns on fiscal autonomy, permanent transfers and moral hazard serious.

Taking the broader perspective of all 12 reform proposals covered, the study reveals the existence of a, however shrinking, »inclusive avant-garde« of five EU founding states (Belgium, France, Germany, Italy², and Luxembourg) and Spain³ that are willing to co-operate on nearly all reform projects in all policy areas. However, they do not intend to form a core Europe that advances together, while leaving other states behind. On the contrary, the five flagship projects and further reform proposals open up possibilities to advance European integration by including further partners on a flexible basis with differing coalitions for different policy areas. However, the outcome of the recent election in Italy shows how limited the window of opportunity for further reforms is. Therefore, the inclusive avant-garde needs to relaunch the European integration very soon.

¹ Parties that are members of the Party of European Socialists or the Group of the Progressive Alliance of Socialists & Democrats in the European Parliament, which received a minimum share of five percent of the votes in the previous European or national elections. If a party fulfills this criterion, but is not a relevant actor in the national public debate anymore, it was deleted from the sample based on the judgement of the projects' country expert.

² The data for Italy were collected in September 2017. Due to the European policy of the new government, Italy is not part of the »inclusive avant-garde« any longer.

³ The data for Spain were collected in September 2017. They show that the now ruling progressive party is even more pro-European than the previously ruling conservative party.

INTRODUCTION

After years of deadlock and crisis management there is new enthusiasm to put European integration back on the political agenda. Brexit has initiated a process of reflection on the future direction of European integration. The French and German general elections have cleared the path for far-reaching reform projects in the European Union (EU). With the French President's visionary proposals (Macron 2017) and the European Commission's »White Paper on the Future of Europe« (European Commission 2017a) there are reform proposals on the table on how to advance the integration process. Finally, good economic prospects have encouraged political elites to leave the path of crisis management and start looking at the bigger picture, developing proposals on fundamental reforms of the EU. In other words, the chance of a relaunch of Europe is currently pretty high. However, the recent election in Italy shows that this window of opportunity will not remain open for long.

In this political situation, the »RelaunchEU« project aims at taking the discussion on the future of European integration one step further. Instead of engaging in abstract debates on questions concerning the finality of the integration process, we identify 12 concrete reform projects that could become the core of a possible relaunch of Europe. We map the political positions of governments and of the relevant progressive political parties, which received a minimum share of five percent of the vote in the previous European or national elections,⁴ towards these projects and towards the idea of flexible integration. The objective is to identify coalitions that could shape the European agenda. A relaunch of Europe needs a reliable coalition of partners, which could drive issues forward (see also Janning/Zunneberg 2016). Our approach is pragmatic. We empirically investigate the political positioning on the 12 concrete reform projects and the instrument of flexible integration and map possible coalitions:

- Upward convergence of national social security schemes;
- European coordination of national minimum wages;
- New balance of social rights and internal market freedoms;
- Fighting tax fraud and tax evasion on a European level;
- Fiscal capacity for the euro zone;
- Mutualisation of public debts;
- Extending EU military planning capabilities;
- EU army;
- Pure quota system for the relocation of asylum seekers;
- Extending the competences of the European Border and Coast Guard Agency (EBCG);
- Increased democratic accountability of the economic governance of the euro zone;
- European Citizens' Initiative.

⁴ Parties that are members of the Party of European Socialists or the Group of the Progressive Alliance of Socialists & Democrats in the European Parliament, which received a minimum share of five percent of the votes in the previous European or national elections. If a party fulfills this criterion, but is not a relevant actor in the national public debate anymore, it was deleted from the sample based on the judgement of the projects' country expert.

The »RelaunchEU« project also fuels the debate on a multi-speed Europe. Flexibility and differentiated integration have become buzzwords in the political debates on the future of the EU. In the search for a way forward for a divided and heterogeneous EU, more differentiation and flexibility seem to be promising means of advancing the integration process. As opinion polls show, the federal dream of an »ever closer union«, as proclaimed in article 1 of the Treaty on European Union (TEU), is no longer attractive for many Europeans (Friedrich-Ebert-Stiftung 2017). Moreover, a qualitative step towards deeper integration is also highly unrealistic considering the current political majorities and the heterogeneous constellation of interests in Europe that render Treaty changes impossible for the near future.

A more pragmatic way of advancing the integration process needs to be found and here the concept of a multi-speed Europe offers a promising model (Bröning 2018). Differentiated integration could help to overcome decision-making blockades that have haunted the EU in recent years and that now threaten the legitimacy of the integration process (Habermas/Gabriel/Macron 2017). This type of integration could also be a way of making the EU more democratic by allowing member states to cooperate closely in certain policy areas and abstain from further integration in others – depending on the constellation of interests in different member states. In this way, the EU could become more responsive to the member states' needs (Bellamy/Kröger 2017; Biegoń 2017). The »RelaunchEU« project helps put the discussion about a multi-speed Europe on an empirical basis.

There have been many debates on potential coalitions for advancing European integration. Following the electoral victory of Emmanuel Macron in 2017 and the plan to negotiate a new Élysée Treaty (Deutscher Bundestag 2018), most observers (e. g. Brok 2017; Verhofstadt 2017) see France and Germany at the centre of any avant-garde group. However, it should be kept in mind that these countries often take different approaches towards reforming the EU (Schmidt 2018). Support from the Franco-German engine is considered a necessary, but insufficient condition for EU reforms. The partnership depends on support from affiliated countries, which might be the six founding states (Chopin/Lequesne 2016). Also, there have been discussions about the 19 member states of the euro zone forming a potential avant-garde group. The previous German government considered them a »kind of core Europe« (Schäuble 2017: 8). Others warn that a reform of the EMU, which excludes the current non-euro states, might endanger the common market (Gnath 2017). Furthermore, considerable disagreement on how to solve the crisis in the euro zone divided its 19 members into supporters of a stability union and proponents of a fiscal union (Hacker/Koch 2017). In Central Europe, the Visegrád states have taken their own steps in order not to fall behind (Visegrád Group 2018). They reject the idea of a »multi-speed Europe« and call for an inclusive reform process of all EU member states, while focusing on maintaining the tangible achievements of integration rather than pushing the process forward (Visegrád Group 2018).

To this end, this analysis is based on 27 country issues (all member states except for the United Kingdom) in which

national experts have compiled information on the political position on 12 reform projects in four different policy areas (social, economic, security, asylum and migration policy and institutional reforms) and the general question of flexible integration. The country issues focus on the position of the government and the largest progressive party in each member state.⁵ For both actors, the country experts gave a general assessment of the position (support for/support under certain conditions/against/neutral). This general assessment is depicted in an illustration at the beginning of each country issue and is supplemented with a more general description of the arguments, advanced by the proponents and opponents of each reform project.

In the paper we provide a comparative report of the 27 country issues. Each section follows the same structure: Firstly, we introduce the reform project and describe the reform discussion at the EU level: What is the state of affairs at the EU level? Who is pushing for the respective project? In the second step, we give an overview of the reform debate in the member states: Who is in favour of a particular reform project and who is against it? Which coalition has the potential to advance the reform project? What are the arguments put forward by supporters and opponents? Each section ends with a tentative policy recommendation. In the conclusion, we present four flagship projects (upward convergence of national social security schemes; fighting tax fraud and tax evasion on a European level; extending EU military planning capabilities; and extending the competences of the EBCG) supported by a majority of governments and progressive parties. By pushing these four flagship projects forward, leeway for negotiating further reforms could be created, as national governments support them, irrespective of the different divisions among the member states. The identified flagship projects find support from proponents of the stability and fiscal union, from Europesceptic and pro-European countries, and from supporters and opponents of a reform of the Common European Asylum System (CEAS) alike. We also find that a fiscal capacity of the euro zone could become a flagship project that is supported by progressive parties, while governments remain hesitant. Taking the broader perspective, the study shows that Belgium, France, Germany, Italy⁶, Luxembourg and Spain⁷ are willing to cooperate on nearly all reform projects in all policy areas. These six member states could become a, however shrinking, »inclusive avant-garde« that advances European integration together, but remains open to cooperation with other member states in specific policy areas. However, this avant-garde needs to act soon in order to relaunch Europe, otherwise, the current window of opportunity may be soon closed.

⁵ In a few cases, the position of more than one progressive party was analysed per country.

⁶ With the change in government, Italy's position on European policies has drastically changed recently (Grasse/Labitzke 2018). This study's findings are based on data, which take into account the political positions of the former Italian government led by the Partito Democratico. Given the current political position in Italy, the »inclusive avant-garde« as sketched out in this study excludes Italy.

⁷ The data for Spain were collected in September 2017. They show that the now ruling progressive party is even more pro-European than the previously ruling conservative party.

1. UPWARD CONVERGENCE OF NATIONAL SOCIAL SECURITY SCHEMES

The aim of initiating a process of upward convergence of national social security schemes is to provide Europe-wide protection against social risks and to ensure a decent standard of living for EU citizens. Concrete proposals under discussion range from more European coordination in the field of national social security schemes to the adoption of minimum social standards across the EU.

1.1 OVERVIEW OF THE REFORM DISCUSSION AT THE EU LEVEL

The social security schemes in the member states are very diverse and the result of historical compromises.⁸ Social security schemes typically cover fields as diverse as unemployment insurance, healthcare, family support and minimum income schemes. Taking the latter type of benefits as an example, striking differences are evident: Greece, for instance, introduced a general minimum income scheme in February 2017 (Ziomas/Antoinetta/Danai 2017), whereas in Italy, schemes are limited to certain regions. In Bulgaria there are only piecemeal schemes, which are restricted to narrow categories of people (Frazer/Marlier 2016).

In light of serious loopholes and inefficiencies in some member states' social safety nets, the EU has taken action to alleviate the situation. It has done this primarily by providing non-binding guidance: An important step towards recognising the right of access to an adequate system of social protection for EU citizens was the »Council Recommendation 91/441/EEC on common criteria concerning sufficient resources and social assistance in social protection systems«. This was followed by the Commission recommendation on active inclusion in 2008 (European Commission 2008). These documents set out non-binding guidance for member states to reform their social security systems in order to guarantee an adequate level of income support. These initiatives were supplemented by what was called the »Social Investment Package« in 2013, which was adopted in order to ease access to EU funding, notably from the European Social Fund, to implement the objective of improving member states social protection systems (European Commission 2013). The European Pillar of Social Rights proclaimed by the European Parliament, the Council and the Commission in November 2017 also includes a chapter defining principles that member states' social protection systems should fulfil. Article 14 of the European Pillar of Social Rights explicitly recognises the »right to adequate income benefits ensuring a life in dignity at all stages of life«.

However, these soft law instruments have proven unsuited to facilitate significant progress in the fight against poverty and social exclusion. Given that the financial crisis and the subsequent European debt crisis placed many national social protection schemes under pressure, a coordinated European

⁸ A useful overview of the different social security regimes in the member states can be found on the sozialkompass.eu website – an interactive database run by the German Federal Ministry of Labour and Social Affairs.

response became more urgent than ever. However, the economic governance system, which was subject to substantial reform in the aftermath of the crisis, significantly restrained member states' room for manoeuvre in the field of fiscal policy (Scharpf 2013) and often contradicted the proclaimed aim of the EU to effectively combat poverty and social exclusion.

Therefore, member states and civil society organisations now call for the strategy of providing non-binding guidance and funding for social policy initiatives to be complemented by hard law instruments in order to initiate a process of upward convergence of national social security schemes and to prevent social policy objectives being sacrificed in the context of the new EU economic governance regime. The European Anti-Poverty Network (EAPN), the largest European network of anti-poverty NGOs, has been campaigning for a framework directive on minimum income for years (van Lancker 2010). Still, the Commission has so far appeared reluctant to come up with legislative proposals. The only sign of a policy change towards a more active role in setting social standards comes from the launch of the consultation of the social partners on access to social protection. According to the Commission, this consultation was initiated to define new rules in the field of social policy, possibly providing better access to social security systems for the self-employed and people in non-standard employment contracts.

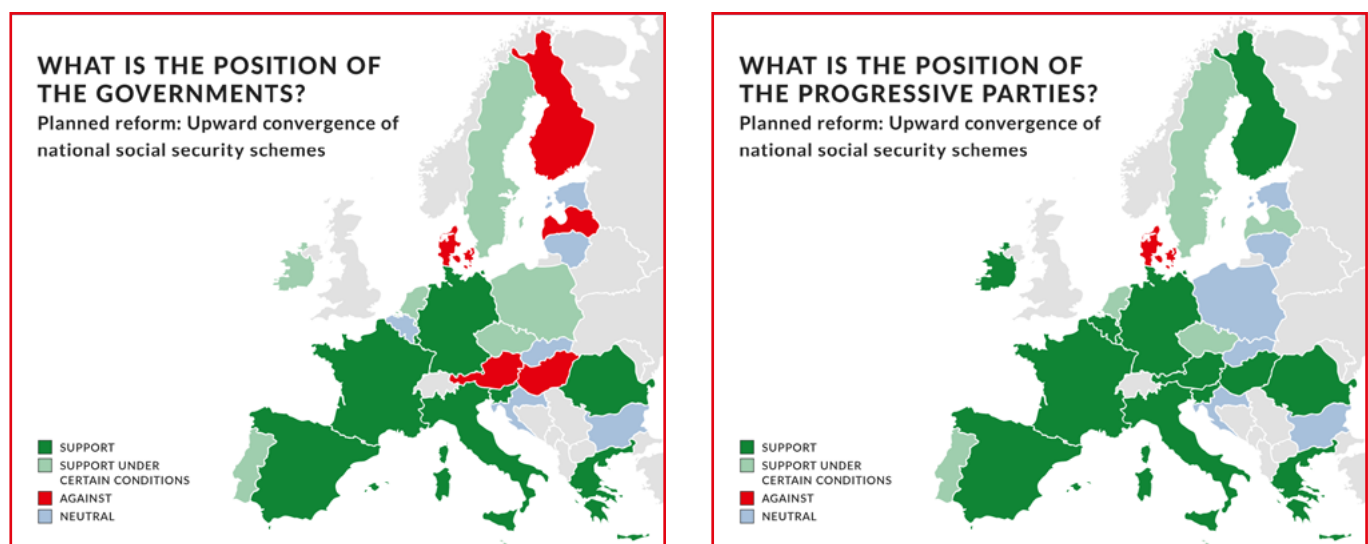
1.2 OVERVIEW OF THE REFORM DEBATES IN THE MEMBER STATES

There is broad support for initiating an EU-led process of upward social convergence across the member states. For many of them, the increased socio-economic divergence in the EU is of great concern and they would like to see more stringent EU action in this area. At the same time, all member states regard setting social security standards as one of the prerogatives of the nation state. Support for EU action in this field is therefore often conditioned on the fact that such an initiative

would only aim at setting *minimum social standards* and would not initiate a broader process of social security harmonisation. Furthermore, many governments underline that the relative economic development of the country would need to be taken into account if the EU is to set social standards. The exact mechanism by which the EU could initiate a process of upward social convergence remains a bone of contention. Suggestions range from more cooperation at the EU level and the exchange of best practices (the Netherlands) to the launch of a binding legislative proposal in which the EU would specify minimum social standards (France, Germany and Sweden).

France, Germany and Sweden have come up with concrete reform proposals in this field. In the last legislature the German Federal Ministry of Labour and Social Affairs pushed for the idea of launching an EU legislative framework for minimum income schemes in the member states. A legal opinion commissioned by the Ministry emphasised that such a legislative initiative would be lawful provided it only entailed minimum standards (Kingreen 2017). The idea would be to ensure that minimum income schemes exist in all EU member states and that the level of social security would allow a decent existence. The new German government has pledged to further pursue this project. The new French government is also in favour of initiating a European-wide process of upward social convergence. Macron's idea of »l'Europe, qui protège« (Europe that protects) entails the idea of ensuring minimum standards of social protection. The French government suggested introducing European minimum standards in the field of unemployment insurance, and workers' rights (in terms of on-the-job training) and health insurance. Ideas on European minimum social standards in broader terms have also come from Sweden: The government supports the establishment of EU minimum standards in a variety of social areas including working conditions, skills development, parental leave and increased labour market participation of women. In addition to the three frontrunners (France, Germany and Sweden), ten other member states (Greece, Ireland, Italy, Luxembourg, the Netherlands, Poland, Portugal,

Figure 1: Support for Upward Convergence of National Social Security Schemes



Romania, Slovenia and Spain) support the more general idea of initiating an EU-led process of upward social convergence.

Opposition to this project comes from governments in five member states: two Scandinavian countries (Denmark and Finland) and two Eastern European countries (Hungary and Latvia) and from the new Austrian government. The two Scandinavian governments oppose the project on the basis of subsidiarity concerns. Questions of social security are regarded to be solely a national matter and the governments fear that a European initiative would exert downward pressure on the relatively high welfare standards. In Hungary and Latvia, the concerns are different. Here, the governments argue that the comparatively lower social standards constitute a competitive advantage in the Single Market and are justified on the basis of the countries' economic development. What is more, the Eastern European countries opposing the initiative fear that upward social convergence would place high financial burdens on the national budgets. However, the analysis also shows that opposition to this project is related to political majorities in the four countries, too. The progressive parties in Finland, Hungary and Latvia are clearly in favour of setting EU-wide minimum social standards – only the *Socialdemokratiet* in Denmark remains sceptical towards this project. Finally, discussion neither in the government nor in the largest progressive party on the issue of upward social convergence can be discerned in Bulgaria, Croatia, Estonia, Lithuania and Slovakia.

1.3 CONCLUSION

Overall, the project of an EU-led process of upward social convergence meets approval in a significant number of member states. With France, Germany and Sweden in the driving seat, there are influential governments that could make the project a success. Most interestingly, there is support for this project from many different parts of Europe. Approval comes from the North (Germany, the Netherlands and Sweden), the East (Slovenia and even Poland on the condition that subsidiarity concerns are taken seriously) and from the South of Europe (France, Greece, Italy and Spain). Thus, this reform project could overcome the North-South and East-West divides that have manifested themselves in other policy areas. Targeted political communication and a European campaign might fall on fertile ground, particularly in those countries where the project is not yet on the political agenda. What is more, opposition to the project from some Eastern European countries, such as Latvia and Hungary, could be overcome if the EU offered financial support to the member states that would be affected by an EU initiative. This would enable governments to invest effectively in their social security systems to guarantee an adequate minimum level of protection.

2. EUROPEAN COORDINATION OF NATIONAL MINIMUM WAGES

The reform proposal to launch a European minimum wage policy aims at preventing in-work poverty, promoting social convergence and avoiding social dumping across the EU. Concrete proposals range from launching soft law mechanisms

and improving European coordination in the area of minimum wage formation to hard law proposals calling for the adoption of a framework directive on European minimum wages.

2.1 OVERVIEW OF THE REFORM DISCUSSION AT THE EU LEVEL

Ideas for ensuring adequate wages through a European initiative have been discussed in Commission circles since as early as 1993 (Schulten 2014). More recently, the political discussions surrounding the proclamation of the European Pillar of Social Rights put the issue of a European minimum wage policy back on the EU political agenda. Article 6b of the European Pillar of Social Rights states that »[a]dequate minimum wages shall be ensured, in a way that provide for the satisfaction of the needs of the worker and his/her family in the light of national economic and social conditions, whilst safeguarding access to employment and incentives to seek work. In-work poverty shall be prevented.« It remains to be seen whether the Commission will translate this non-binding recommendation into a concrete initiative.

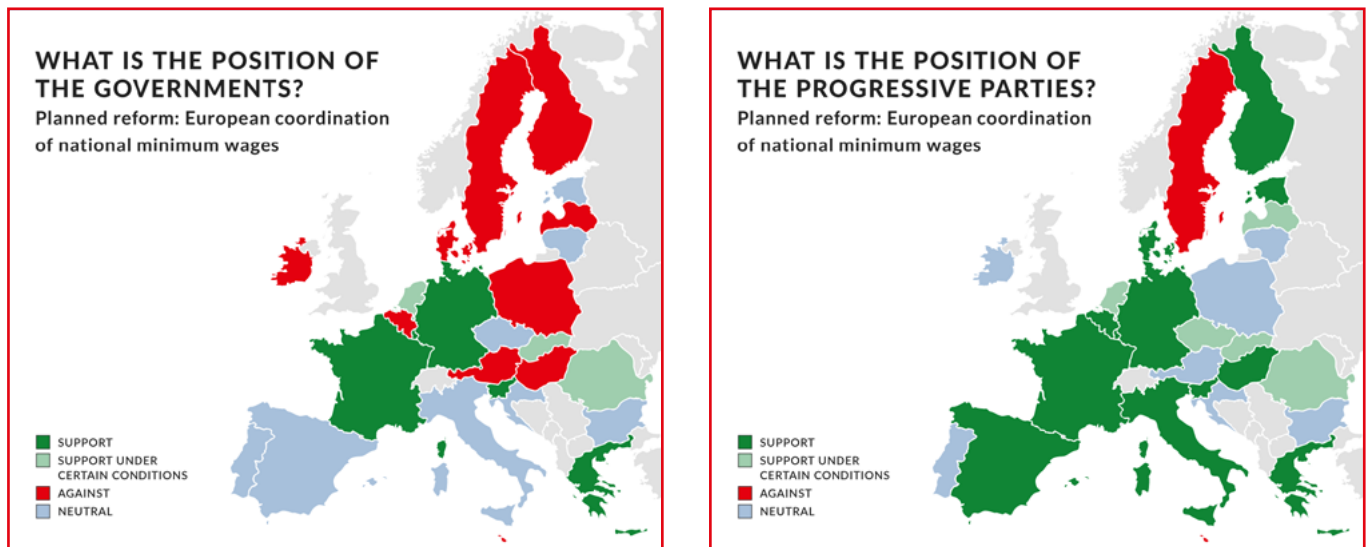
Formally the EU has no competences to interfere in wage setting policy. Art. 153 No. 5 of the Treaty on the Functioning of the European Union (TFEU) explicitly excludes the field of remuneration from the scope of the social policy chapter in the European Treaties. However, this norm has not prevented the Commission from giving wage policy recommendations, for instance in the context of the European Semester. The most frequent demand from the Commission is that »wages should develop in line with productivity« – a recommendation which has *de facto* supported a policy of wage moderation in some member states in recent years (Biegoń/Schuster 2015).

This has been countered by progressive forces who have called for the European level to become more active in facilitating an expansive and more solidary wage policy in Europe. More concretely, trade unions have engaged in a pay rise campaign requesting a European minimum wage policy in order to reduce in-work poverty and to drive economic growth. The European Trade Union Confederation (ETUC) states that an EU target should be set suggesting that national minimum wages should be increased to 60 percent of the median or average wage in each country. At the same time, ETUC underlines that an EU target for statutory minimum wages would not interfere with collectively bargained wages in terms of the level negotiated, or how they are agreed (ETUC 2017).

2.2 OVERVIEW OF THE REFORM DEBATES IN THE MEMBER STATES

Many national governments continue to have strong reservations about a European minimum wage policy, although 22 out of 28 member states have introduced a statutory minimum wage (Eurostat 2017). Clear opposition comes from Austria, Denmark, Finland, Hungary, Ireland, Latvia, Poland and Sweden. The Scandinavian governments fear that a European minimum wage policy would constitute a threat to the Scandinavian model of labour relations where issues related to working conditions and wages are solely a matter

Figure 2: Support for European Coordination of National Minimum Wages



of collective bargaining between the social partners. On the other hand, governments in Eastern Europe, such as Latvia and Poland, argue that a European minimum wage policy would inhibit the competitiveness of Latvian and Polish companies.

Support for this reform project was signalled by governments in France, Germany, Greece, the Netherlands, Romania, Slovakia and Slovenia. Suggestions regarding the possible design of a European minimum wage policy range from the adoption of soft law instruments such as an exchange of best practices and minimum wage recommendations in the context of the European Semester (the Netherlands) to hard law instruments (France and Germany), such as a framework directive on the minimum wage to ensure that some kind of minimum wage (statutory or based on collective agreements) exists in all EU countries. Notably, the reform discussion on a European minimum wage policy is also observed with interest in three Eastern European countries, namely Romania, Slovakia and Slovenia. A European initiative could fuel domestic plans to increase the national minimum wage. This demonstrates that positions on this reform project do not follow an East-West divide, but rather depend on whether progressive parties are part of the government or not. The analysis shows that most of the progressive parties in the member states analysed are supportive of a European minimum wage policy – only the Maltese and Swedish Social Democratic Parties have clearly positioned themselves against a European minimum wage policy.

2.3 CONCLUSION

Given that there is still strong resistance towards a European minimum wage policy from a significant number of member states and provided that political majorities do not drastically change in the next few years, the success of the project depends on two crucial aspects: First, proponents need to make clear that the idea behind a European minimum wage policy is not to give the EU more leeway to influence national

mechanisms of wage formation but to counteract the policy of wage moderation that the European Commission has at least partly promoted in recent years. Second, any concrete legislative proposal for a European minimum wage policy needs to respect the autonomy of the social partners and national traditions of wage formation. A European initiative should focus merely on setting a rough framework, making sure that a minimum wage exists (statutory or based on collective agreements) and that adjustment mechanisms are institutionalised. Further details need to be elaborated by the member states in accordance with national traditions and the socio-economic context.

3. NEW BALANCE BETWEEN SOCIAL RIGHTS AND INTERNAL MARKET FREEDOMS

The European Single Market and the quasi-constitutional status of the fundamental freedoms have initiated a process of far-reaching economic liberalisation leading to an asymmetry between market-enforcing and market-restricting integration which, in turn, has put national social rights under pressure. Different proposals exist to restore the balance between social rights and the four freedoms, the most popular of which is to attach a social progress protocol to the European Treaties. Other proposals discussed under this heading are reforms to facilitate fair labour mobility in the Single Market, including initiatives to revise the social security coordination rules and to reform the posted workers directive.

3.1 OVERVIEW OF THE REFORM DISCUSSION AT THE EU LEVEL

Ever since the contentious rulings in the cases of Viking and Laval in 2007, political scientists and legal scholars have warned against the extensive interpretation of the four freedoms by the European Court of Justice (ECJ). The two rulings clarified the relationship between social rights (specifically the right to

collective action) and the free movement of services. The ECJ ruled that in cross-border situations collective actions may be considered a restriction on the freedom of provision of services and may therefore be restricted. In trade union circles, these rulings had a massive impact. The inherent imbalance in primary law between social rights and economic freedoms was severely criticised. In reaction to the ECJ decisions, different proposals have been tabled to strengthen social rights. The European Trade Union Confederation suggested supplementing the primary law with a social progress protocol in order to ensure that fundamental social rights are given precedence in the event of conflict of laws (ETUC 2008). Other proposals come from political and legal science: Dieter Grimm has proposed a radical de-constitutionalisation of the European Treaties. In his view, the reason for the imbalance between social rights and economic freedoms lies in the fact that the latter have a quasi-constitutional status. He suggests downgrading economic freedoms to the status of secondary legislation (Grimm 2016). Martin Höpner argues that the best way to restore the balance is to introduce limits to the application of the four freedoms in the European Treaties (Höpner 2017). In political circles at the EU level, these concrete proposals are rarely discussed. Of the three options to strengthen social rights in the Single Market outlined, the reform proposal to supplement the European Treaties with a social progress protocol is most influential. It has become one of the key demands of the European Trade Union Confederation to strengthen the social dimension of the EU. The idea of the social progress protocol also plays a prominent role in the »European Pact for Social Progress« adopted by the Austrian, German and Swedish trade union leaders and the chairpersons of the three Social Democratic Parties in 2016.

3.2 OVERVIEW OF THE REFORM DEBATES IN THE MEMBER STATES

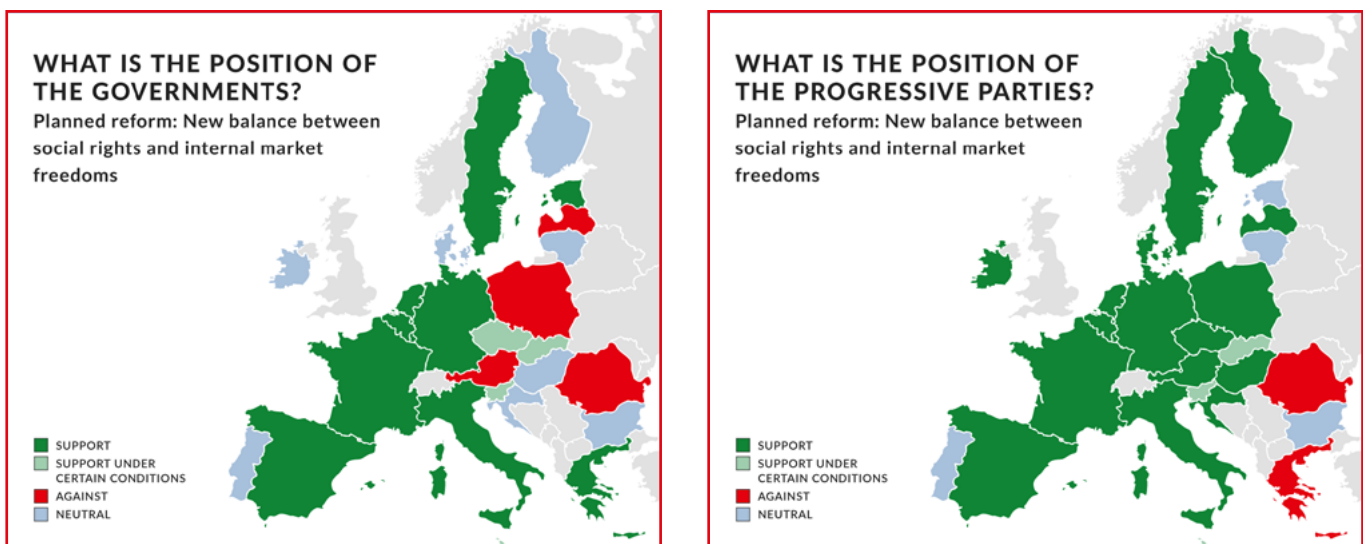
The general idea of guaranteeing greater respect for workers' rights in the Single Market finds support among a

range of governments in Cyprus, Estonia, France, Greece, Italy, Luxembourg, Slovenia, Spain and Sweden. However, in most of these member states the issue is discussed in the context of labour mobility. Member states focus on the social problems related to the free movement of labour and the free movement of services and mainly advance reform proposals aiming at fair labour mobility in the Single Market. Reform proposals made in this context are, for instance, a fundamental reform of the posted workers directive to make sure that the principle of equal pay for equal work is adequately implemented (France, Germany, the Netherlands and Sweden) or to improve social security coordination in a transnational European labour market (Estonia and Spain) to guarantee that workers exercising their right of free movement of labour have access to unemployment insurance schemes, health provisions and pension rights.

Only very rarely is the imbalance between the social rights and Single Market freedoms discussed as a structural problem: an asymmetry between market-enforcing and market-restricting integration. The reform option of supplementing the European Treaties with a social progress protocol in order to alleviate this structural asymmetry is only supported by the Luxembourg government and by progressive parties in Austria, Denmark, Germany, Hungary, Latvia, Luxembourg, the Netherlands and Sweden. Thus, although progressive parties in many member states have developed an awareness of the social pitfalls of the Single Market, they have not, however, yet succeeded in ensuring the issue features prominently on the political agenda. In governmental circles the imbalance between social rights and Single Market freedoms remains a niche topic.

Sceptical voices on the general idea of strengthening social rights in the Single Market come particularly from governments in Eastern European countries, namely Latvia, Poland and Romania. They argue that this project is merely a protectionist manoeuvre to the detriment of the competitiveness of their local companies and that it increases the bureaucratic burden.

Figure 3: Support for a New Balance between Social Rights and Internal Market Freedoms



3.3 CONCLUSION

None of the reform proposals discussed under the heading of a new balance between social rights and internal market freedoms is currently supported by a broad majority in governmental circles. The political debate surrounding the reform of the posted workers directive has illustrated the political divide between Eastern and Western Europe and has revealed fundamentally different approaches towards the Single Market. Similarly, the reform option of supplementing the European Treaties with a social progress protocol is rather unlikely at the moment as governmental support for this project is meagre.

The analysis also shows that there is a willingness to strengthen social rights in the Single Market within a wide majority of progressive parties both in Eastern and Western Europe. Some of them only voice general support for a fundamental rebalancing of social rights and Single Market freedoms. In other countries, however, concrete reform proposals have been made. Interestingly, the support for a social progress protocol comes from eight progressive parties across Europe.

4. FIGHTING TAX FRAUD AND TAX EVASION ON A EUROPEAN LEVEL

The fight against tax fraud and tax evasion aims at a fair allocation of tax burdens. The Single Market has created legal loopholes that impede the effective and fair collection of taxes by national authorities. Different reform proposals are currently on the table. Most focus on a reform of the system of corporate taxation in Europe (common consolidated tax base, common corporate tax rate, public country-by-country reporting, ban on letterbox companies, web tax). In addition to this, there are proposals to combat VAT fraud more effectively.

4.1 OVERVIEW OF THE REFORM DISCUSSION AT THE EU LEVEL

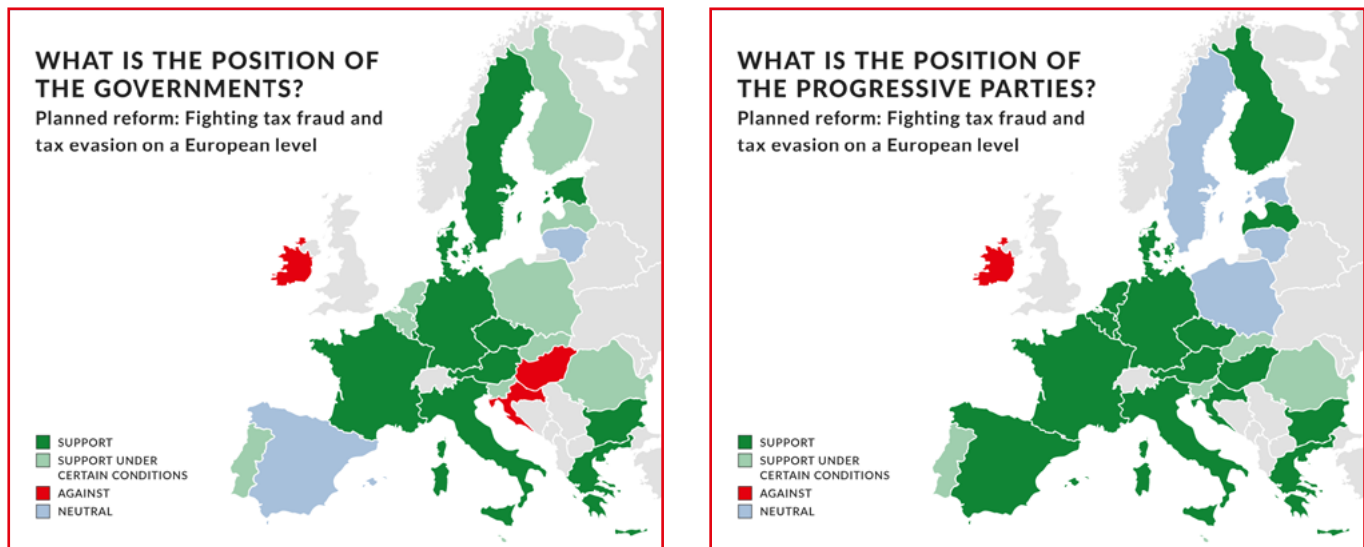
Tax justice has been a major issue in political discussions at EU level in the current legislature. The Luxembourg Leaks and Panama Papers published in 2014 and 2016 paved the way for a range of far-reaching political initiatives to combat tax avoidance at the European level. Furthermore, the measures by the Organisation for Economic Co-operation and Development (OECD) to fight tax avoidance strategies by multinational companies gathered under the BEPS (»base erosion and profit shifting«) project also constituted a source of inspiration for more far-reaching European initiatives. The European Parliament has installed two special committees (TAXE I and II) to develop reform proposals to effectively combat tax avoidance schemes. The European Commission has also been an active promoter of stricter rules to ensure tax justice in Europe in recent years. Progress has been made in the area of tax transparency, in the cooperation between national tax authorities and in blacklisting tax havens.

One political project that still awaits a political decision is the Commission's proposal to introduce a Common Consolidated Corporate Tax Base (CCCTB). This proposal addresses companies operating in more than one member state, offering a single set of rules to compute taxable income. This would remove a major source of corporate tax avoidance (Hakelberg 2017). So far, the Commission proposal has been blocked by the Council. Another major initiative is to enhance tax transparency by introducing public country-by-country reporting of multinational enterprises, obliging the latter to provide publicly available information related to the taxes paid at the place where profits are actually made. Finally, in April 2016, the Commission announced a VAT action plan to combat VAT fraud in the Single Market and, in November 2017, it presented more concrete proposals on administrative cooperation between member states on VAT issues.

Even more far-reaching reform proposals that are currently discussed but have not yet been taken up by the Commission are, for instance, the introduction of a common corporate tax rate – to prevent member states competing on the basis of corporate taxes and a ban on letterbox companies, i. e. multinationals who register in low tax countries to avoid paying taxes. Finally, the idea of introducing what is known as a »web tax« was discussed at the digital summit in Tallinn in September 2017. In light of the fact that digital giants such as Google and Facebook can easily escape their tax liabilities as digital goods are highly mobile and tangible, some member states launched the idea of taxing digital giants on the basis of turnover made in each country and not on the basis of profits. The European Commission has published a legislative proposal on this issue in March 2018.

4.2 OVERVIEW OF THE REFORM DEBATES IN THE MEMBER STATES

Fighting tax fraud and tax evasion has a high salience in the member states. Almost all governments have clearly positioned themselves for or against this reform proposal. Thus, there is no lack of political debate on this issue. An overwhelming majority of member states has pledged their willingness, in principle, to cooperate more closely at a European level in this policy area. However, a more detailed analysis shows that positions become more heterogeneous when it comes to concrete reform proposals. Many member states see the Common Consolidated Corporate Tax Base as an essentially important reform proposal to combat tax avoidance and an increase of transparency and the introduction of public country-by-country reporting for multinational enterprises also finds widespread support. Signs of support for these reform proposals come from Bulgaria, the Czech Republic, Denmark, Estonia, France, Germany, Italy, Latvia, Poland, Romania, Slovakia and Slovenia. Other member states see VAT fraud as a major problem and call for a tough European initiative in this areas (Austria, the Czech Republic, Estonia and Sweden). Yet others support the idea of taxing multinational digital giants more effectively (France,

Figure 4: Support for Fighting Tax Fraud and Tax Evasion on a European Level

Germany, Italy and Spain). Often member states underline that more European cooperation in tax issues will only find support if the administrative burdens for businesses, especially SMEs, are proportional (e. g. Poland and Slovakia).

Smaller member states tend to oppose further European initiatives on the tax field. These countries are more inclined than larger countries to lower corporate taxes and tolerate tax avoidance in order to attract Foreign Direct Investment (Hakelberg 2017). This study illustrates that Croatia, Cyprus, Ireland and the Netherlands are rather sceptical about increasing European cooperation in this policy area. What is more, most member states oppose the idea of a common corporate tax rate as they consider that such a measure would undermine their fiscal sovereignty.

4.3 CONCLUSION

Despite reservations from some smaller member states, there is a critical mass of governments that are willing to increase cooperation on tax issues. The Commission's proposal for a Common Consolidated Corporate Tax Base or further initiatives to increase transparency, such as a comprehensive framework of public country-by-country reporting could be realised as enhanced cooperation. An alliance of proponents from different parts of the EU could lead the way with a progressive tax project. Given the high salience of the topic to the public and regular disclosure of tax avoidance schemes, there is currently a window of opportunity for far-reaching reform in this policy area.

5. FISCAL CAPACITY FOR THE EURO ZONE

A fiscal capacity is a tool at EU level to provide fiscal stabilisation against economic shocks. Albeit under different names (euro zone budget, stabilisation function, European unemployment insurance etc.), various designs

of such a fiscal capacity are currently under discussion, all of which aim at enabling members of the EMU to stabilise economies during economic downturns.

5.1 OVERVIEW OF THE REFORM DISCUSSION AT THE EU LEVEL

The more general idea that a monetary union inevitably needs some form of fiscal stabilisation function in order to effectively react to economic crises dates as far back as the 1970s. It featured prominently in the Werner Plan in 1970 and the McDougall Report in 1977 but was then dropped in the negotiations for the Maastricht Treaty when the completion of the EMU was decided. The more specific idea of creating a »fiscal capacity« for the euro zone was launched in the wake of the financial and the sovereign debt crises, in recognition of the fact that the construction failures of the EMU, particularly the restricted fiscal leeway as a consequence of the Stability and Growth Pact, had worsened the crises. It had a prominent position on the political agenda when the four presidents' report was published in December 2012 (van Rompuy et al. 2012). The European Fund for Strategic Investments, established in 2015, was a first step to boost investment in the EU. Yet it is exclusively designed to boost private investment and therefore falls short of fulfilling the aim of the proper fiscal capacity needed in a monetary union. Since the four presidents' report, different EU institutions have contributed to the debate on the necessity and design of a fiscal capacity for the euro zone, the most important of which are the report by the European Parliament on the »budgetary capacity for the euro area« (European Parliament 2017a) and the Commission's »reflection paper on the deepening of the Economic and Monetary Union« (European Commission 2017b). Finally, on 6 December 2017 with what was referred to as the Saint Nicholas Package, the Commission presented a whole range of legislative and non-legislative initiatives aimed at completing

the EMU and provided further details on a possible design of a stabilisation function (European Commission 2017c).

Although the idea of a fiscal capacity has been intensively discussed at a European level in recent years, there is still no consensus on the basic features of the reform proposal. Fundamental controversies remain with respect to the function of a possible fiscal capacity, the funding and the design (for a good overview of the EU-level debate, see D'Alfonso/Stuchlik 2016).

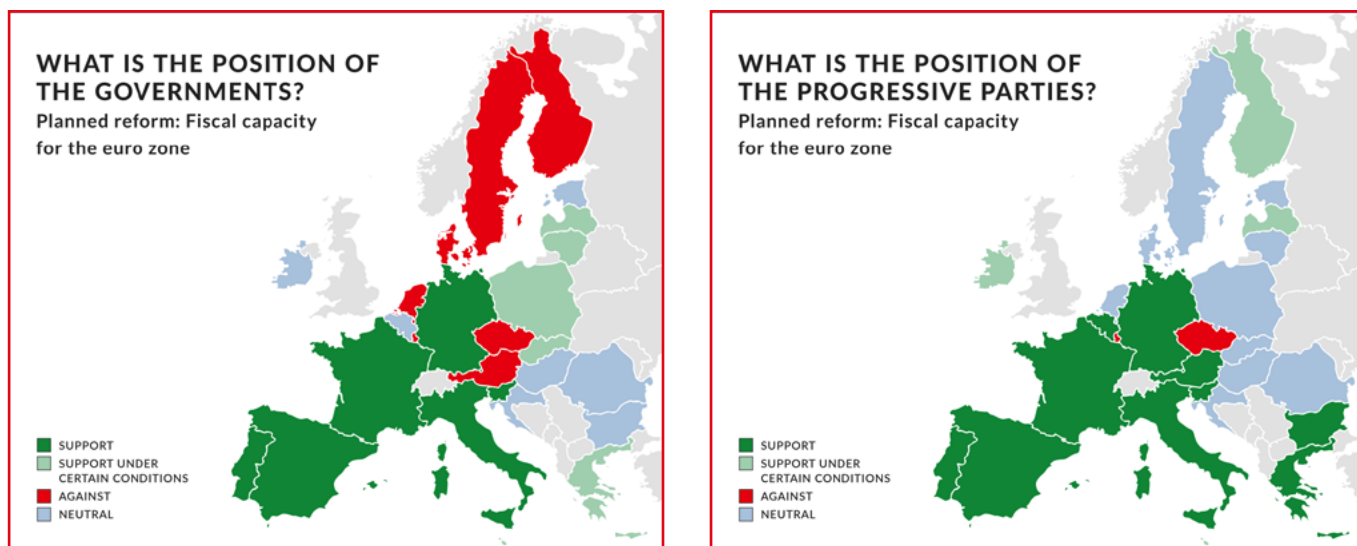
As far as its function is concerned, most actors agree that a fiscal capacity should primarily be installed in order to cushion country-specific shocks in cases where national automatic stabilisation capacities are exhausted. This is also the position taken by the European Commission in the latest communication sketching out the roadmap towards completing the EMU (European Commission 2017c). The Group of Socialists and Democrats in the European Parliament argues that the EMU needs a more comprehensive fiscal capacity that should also be able to cushion asymmetric shocks and contribute to structural convergence (S&D 2017: 7–9). Discussions around funding of a possible fiscal capacity are similarly controversial. Originally, the four presidents suggested that a fiscal capacity should be kept separate from the EU's multiannual financial framework and should be financed through own resources, national contributions or a combination of both (van Rompuy et al. 2012). The European Commission tends to favour a stabilisation function that is part of the general EU budget (European Commission 2017d: 8). Finally, as far as the concrete design of a fiscal capacity is concerned, different options are still on the table: one option that was comprehensively debated in recent years was to introduce a European unemployment insurance that could top up or provide continuous support for national budgets in economic downturns (e.g. Dullien 2012) or an unemployment reinsurance fund that would only kick in during extraordinary economic crises (e.g. Bablavý et al. 2015). In addition, the Commission has also introduced the idea of a »rainy-day fund« and an investment protection scheme to the discussion underlining that it particularly supports the latter option (European Commission 2017d).

5.2 OVERVIEW OF THE REFORM DEBATES IN THE MEMBER STATES

Compared to the intensive and detailed debate on a fiscal capacity for the euro zone at the EU level, the discussion in the member states is rather more tentative. It is primarily the governments in Southern Europe that are staunch supporters of a euro zone fiscal capacity. In particular Cyprus, France, Greece, Italy, Portugal and Spain see the necessity of complementing the EMU with a fiscal stabilisation function. In addition to this, the new government in Germany has also clearly positioned itself in favour of a fiscal capacity and there are signs of support from the Slovenian and Latvian governments. Most of these governments underline that the function of a fiscal capacity should primarily be to cushion asymmetric shocks and to contribute to socio-economic convergence in the euro zone. Some member states have made concrete proposals as to the design of the fiscal capacity. Specific proposals regarding the financing or the design of a fiscal capacity have only been advanced very selectively, however. Like Spain, Italy favours a European unemployment insurance scheme or a rainy-day fund. The Portuguese government has suggested financing the fiscal capacity by introducing a financial transaction tax.

Opponents of this project argue that a fiscal capacity might subsidise member states with structural economic problems. There are substantial concerns over the prospect of a permanent transfer union. Conservative governments in the Netherlands and Finland aim more at enhancing market discipline and national measures to consolidate and stabilise public finances. Flexible economies and well-functioning capital markets are considered to be better instruments for absorbing economic shocks. Often governments underline that fiscal risk-sharing must go hand in hand with more fiscal discipline (e.g. Slovakia). Non-euro zone members such as Denmark and Sweden fear that the establishment of a fiscal capacity might lead to a permanent division between euro zone members and non-members.

Figure 5: Support for Fiscal Capacity for the Euro Zone



5.3 CONCLUSION

There are substantial reservations among the national governments about a fiscal capacity. This reform project will only take off if political elites convince member states that it does not threaten their fiscal sovereignty. Within the progressive camp there is widespread support for this reform proposal provided that permanent transfers are excluded and moral hazard effectively limited. Progressive parties could jointly promote this project of a fiscal capacity as a central means for advancing more solidarity within the EU.

6. MUTUALISATION OF PUBLIC DEBT

In the public debate different European public debt management schemes are discussed as a means to tackle the problem of a sharp increase in (past and/or future) public debts of some member states. The instruments discussed range from a debt redemption fund to the common issuance of debts, or what are known as Eurobonds. At the core of these proposals is the question of joint liability.

6.1 OVERVIEW OF THE REFORM DISCUSSION AT THE EU LEVEL

One of the design failures of the EMU is the fact that the lender of last resort function of the central banks was taken away from the euro zone countries. The member states have to issue debts in euro, a currency that they cannot control. More importantly, they can no longer provide a guarantee to bondholders that the cash will be available at maturity. This elicits mistrust in the bonds market leading to a situation where liquidity crises can quickly turn into solvency crises, as the sovereign debt crisis after 2008 has shown (de Grauwe 2015).

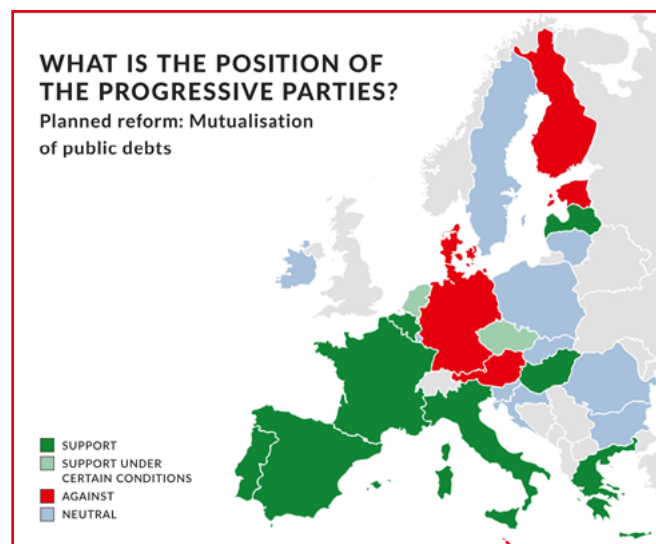
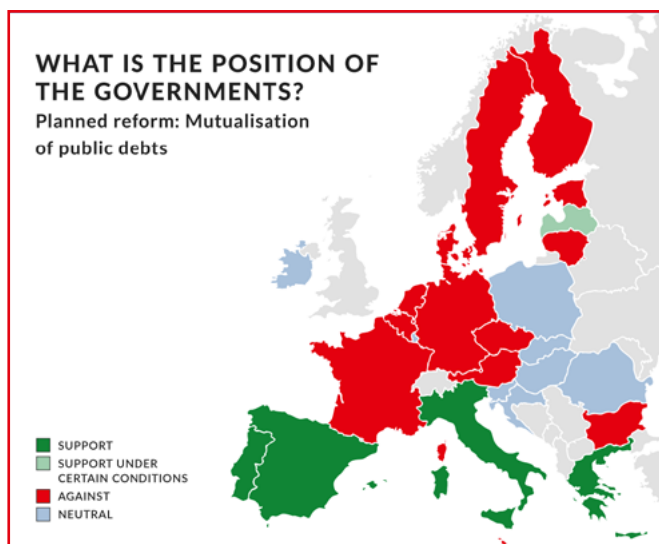
Proposals for an EU public debt management scheme have been discussed at the EU level after the financial

crisis and culminated in the Commission's »Green Paper on the feasibility of introducing Stability Bonds« (European Commission 2011). A variety of different proposals were made between 2008 and 2011 on possible routes for the pooling of sovereign issuance (Delpla/von Weizsäcker 2010; Tomaso Padoa-Schioppa Group 2012; for a good overview, see Steinberg/Somnitz 2013). In the green paper, the Commission takes stock of the discussion by sketching out different proposals based on the degree of substitution of national issuance (full or partial) and the nature of the underlying guarantee (joint guarantees or not). Again, the Commission emphasises the idea of stability bonds in a number of subsequent communications. However, due to significant opposition from the member states, who feared that an EU-based debt management scheme would relax fiscal discipline and lead to an unequal sharing of costs and benefits, the debate diminished. In its most recent reflection paper on the deepening of the EMU, the Commission has significantly weakened its proposals, suggesting the development of a new financial instrument, namely what it calls »sovereign bond-backed securities« or, in the longer term, the introduction of »European safe assets« (European Commission 2017b: 21–22), in order to increase the diversification of the banks' balance sheets. The exact composition of this financial instrument is still unclear although the Commission emphasised that the sovereign bond-backed securities would not entail debt mutualisation between member states.

6.2 OVERVIEW OF THE REFORM DEBATES IN THE MEMBER STATES

Positioning on the reform proposal of a European public debt management scheme clearly follows a North-South divide. The governments in Greece, Italy, Portugal and Spain are staunch supporters of a European initiative to ease the burden of national public debts. For

Figure 6: Support for Mutualisation of Public Debt



these governments, a European mechanism for public debt management is a matter of solidarity and would have significantly defused the preceding economic crisis.

In most of the other countries there is categorical opposition towards this reform project. The fear of moral hazard and a loss of fiscal sovereignty is significant. Hence, there is rarely a debate on the technical details of a possible European public debt management scheme. As far as the Commission's more current reform proposals on this issue are concerned, support for European safe assets can only be found in Slovakia. The proposals were positively evaluated by the Slovak Finance Minister as this mechanism would not require joint liability but would still increase the resilience of the EMU.

Support for this project is also rather meagre within the progressive camp. Previously, signs of support for a possible European public debt management scheme came from the Social Democratic Parties in Germany and in Luxembourg. However, these political demands were dropped due to massive public opposition towards the reform project. Only in France, Greece, Hungary, Italy, Latvia, Portugal and Spain have progressive parties voiced support for a European initiative in this area.

6.3 CONCLUSION

The clear divide between the Southern European member states and the remaining member states of the EU-27 significantly reduces the likelihood of any model of European public debt management being introduced. The only chance of the EMU being advanced in this area is a package deal, which combines the mutualisation of public debt with further measures to secure austerity in all euro zone member states.

7. EXTENDING EU MILITARY PLANNING CAPABILITIES

Establishing EU headquarters for executive military missions and operations would extend the current remit of the newly established Military Planning and Conduct Capability (MPCC) (Council of the EU 2017) to executive EU military missions and operations. As with the MPCC, establishing EU headquarters would not result in a transfer of competences, but overall control would remain under the direction of the EU member states.

7.1 OVERVIEW OF THE REFORM DISCUSSION AT THE EU LEVEL

Due to diverging national strategic cultures, security interests and levels of ambition,⁹ the Common Security and Defence Policy (CSDP) remains a purely intergovernmental policy

⁹ Whereas the Edinburgh agreement grants Denmark an opt out for the CSDP (protocol No. 22 TFEU), Austria, Finland, Malta and Sweden stick to military neutrality.

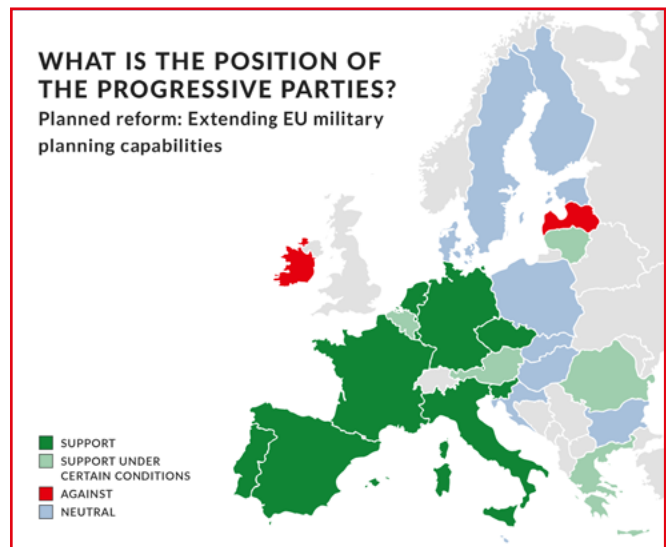
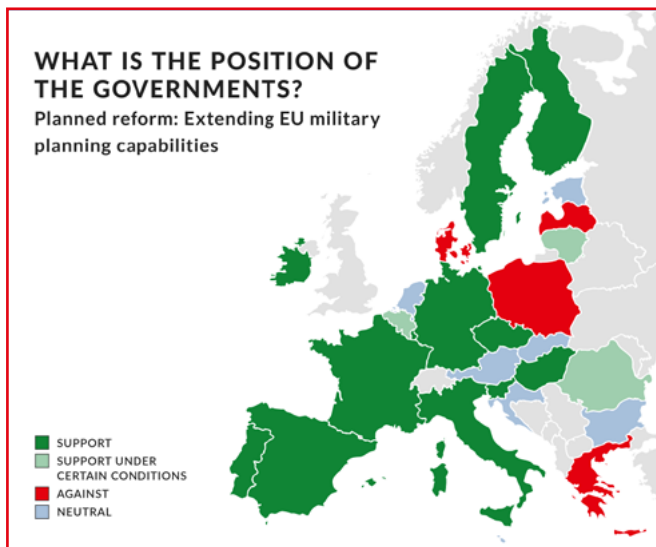
area. However, recent changes to the global security context, external crises, such as the Russian annexation of the Crimean Peninsula, the US as a more distant provider of security, uncertainties with regard to the future foreign policy of the US and the possible loss of British defence capabilities resulted in a momentum for strengthening the CSDP. Against this backdrop, the EU foreign ministers adopted the new EU Global Strategy for Foreign and Security Policy (EUGS), which marks a clear strategic shift towards a »principled pragmatism« (European External Action Service 2016). Although the EUGS claims to be a more credible military toolbox for the CSDP, it focuses on stepping up the defence capacity of partners and protecting the EU and its citizens rather than on providing robust military operations (European External Action Service 2016).

At the EU level, there is wide agreement that CSDP reforms have to be in complementarity with the North Atlantic Treaty Organization (NATO). In 2014, the current President of the European Commission Jean-Claude Juncker made European citizens' security a priority and advocated for the use of the Permanent Structured Cooperation (PESCO) (European Commission 2014). Two years later, he proposed single headquarters for operations and a European Defence Fund (European Commission 2016a). With these ideas in mind, the European Commission and the High Representative of the Union for Foreign Affairs and Security Policy presented the »defence package« (European Commission 2016e; European External Action Service 2017), which envisaged an Implementation Plan on Security and Defence, a European Defence Action Plan (Council of the EU 2016a; European Commission 2016e), a Coordinated Annual Review on Defence (CARD), a European Defence Fund (EDF), a European Defence Industrial Development Programme (EDIDP) and 42 proposals to enhance EU-NATO cooperation and to implement the joint EU-NATO declaration of June 2016.

The European Parliament backed the proposals and urged the Commission to prepare a White Paper on EU Defence (European Parliament 2016a) in order to establish a European Defence Union (European Parliament 2016b). It called for the establishment of permanent civilian and military headquarters, consisting of the MPCC and the already existing Civilian Planning and Conduct Capability (CPCC) (European Parliament 2016c). The proposal was recently endorsed by an inter-parliamentary statement from the European Parliament and national Parliaments (European Parliament 2018a).

7.2 OVERVIEW OF THE REFORM DEBATES IN THE MEMBER STATES

Overall, the findings from this research project confirm the recent enthusiasm for stepping up the CSDP, identifying support for extending EU military planning capabilities among the governments and progressive parties in 11 member states (Cyprus, Czech Republic, Finland, France, Germany, Hungary, Italy, Luxembourg, Portugal, Slovenia, Spain and Sweden). However, Eastern and Western member states have different motives for their support. In France, Germany, Italy, Luxembourg and also in Finland, support is driven by the

Figure 7: Support for Extending EU Military Planning Capabilities

general aim of a stronger European defence policy.¹⁰ In this regard, the Italian government called for a European Defence Union to be launched based on a Schengen-like agreement. Eastern EU member states (particularly the Czech Republic and Slovenia) refer to the need for collective defence, including EU military planning capabilities, in light of an increasingly unstable Eastern Neighbourhood and Russian foreign policy. The Hungarian government even calls for extended EU headquarters that also handle migration policy. Support from Cyprus is motivated by the country's conflict with Turkey.

Almost all governments and progressive parties of the EU-27 that are NATO members underline that the extension of EU military planning capabilities should neither duplicate NATO structures nor compromise NATO's role in Europe. Exceptions are the Greek PASOK and the French *Parti Socialiste*, which prioritise EU over NATO operations. For Estonia, Lithuania, Romania and Slovakia, NATO should remain the main security provider in Europe. Latvia and Poland oppose the extension of EU military planning capabilities for the same reason, while the radical-left government in Greece rejects it, considering it a project of the big member states.

Moreover, EU member states expect extended EU military planning capabilities to create synergies in military planning and allow for more efficient burden-sharing. This is particularly underlined by the Portuguese government. The Spanish PSOE even calls for more defence spending at the supranational level.

As long as the countries' special status is not affected, the neutral and opt-out countries (Austria, Ireland and Sweden) do not oppose the extension of EU military planning capabilities, while it is a non-issue in Croatia due to the specific trauma it experienced with the War of Independence. Bulgaria, Estonia, Lithuania and Slovakia support concrete initiatives to strengthen the CSDP, such as the EDF and PESCO, but have not yet adopted a clear position regarding the

extension of military planning capabilities. Belgium and the Netherlands generally support deeper defence coordination among EU member states but prefer regional clusters such as the Benelux or Baltic States over solutions at the EU level.

7.3 CONCLUSION

The extension of EU military planning capabilities is generally supported by a large number of EU member states, provided NATO's essential role as the key security provider in Europe remains unaffected. However, specific national strategic cultures and sensitive national security interests still shape the member states' positions on defence reforms, with party positions being less influential. Support for extending EU military planning capabilities comes from both Eastern and Western Europe and from founding as well as new member states (Cyprus, Czech Republic, Finland, France, Germany, Hungary, Italy, Luxembourg, Portugal, Slovenia and Spain). The states supporting the project expect the extension of EU military planning capabilities to contribute to better allocation of resources and more efficient burden-sharing.

8. EU ARMY

The reform proposal to establish an EU army envisages the creation of a permanent multinational military force under European command. Its establishment would result in a shift of sovereign military power from the national to the supranational level.

8.1 OVERVIEW OF THE REFORM DISCUSSION AT THE EU LEVEL

The proposal to establish an EU army was put forward by Commission President Jean-Claude Juncker in 2015 (Balzli et al. 2015). There is broad support among EU citizens for

¹⁰ In 2003, France, Germany and Luxembourg, together with the more hesitant Belgium, unsuccessfully tried to establish military headquarters.

establishing a common EU army (see Special Eurobarometer, European Commission 2017e), but the EU leaders have not taken up the debate. Even proponents of a supranational EU army like Germany consider it a long-term objective (Besch 2016). Despite the lack of genuine EU-level discussions on the establishment of an EU army, the EU institutions still try to stimulate the debate on strengthening the supranational dimension of EU defence. In 2017, the Commission presented a reflection paper setting out three different scenarios for the future of EU defence. The most advanced of the scenarios includes »greater level of integration of Member States' defence forces« (European Commission 2017f: 14) and addresses the European Border and Coast Guard Agency (EBCG) and a standing EU maritime force, but does not mention an EU army. In March 2017, the European Parliament urged the Council to consider concrete steps to harmonise and standardise the European armed forces to facilitate the cooperation of armed forces personnel under the umbrella of a new European Defence Union enshrined in art. 42 TEU (European Parliament 2017b).

8.2 OVERVIEW OF THE REFORM DEBATES IN THE MEMBER STATES

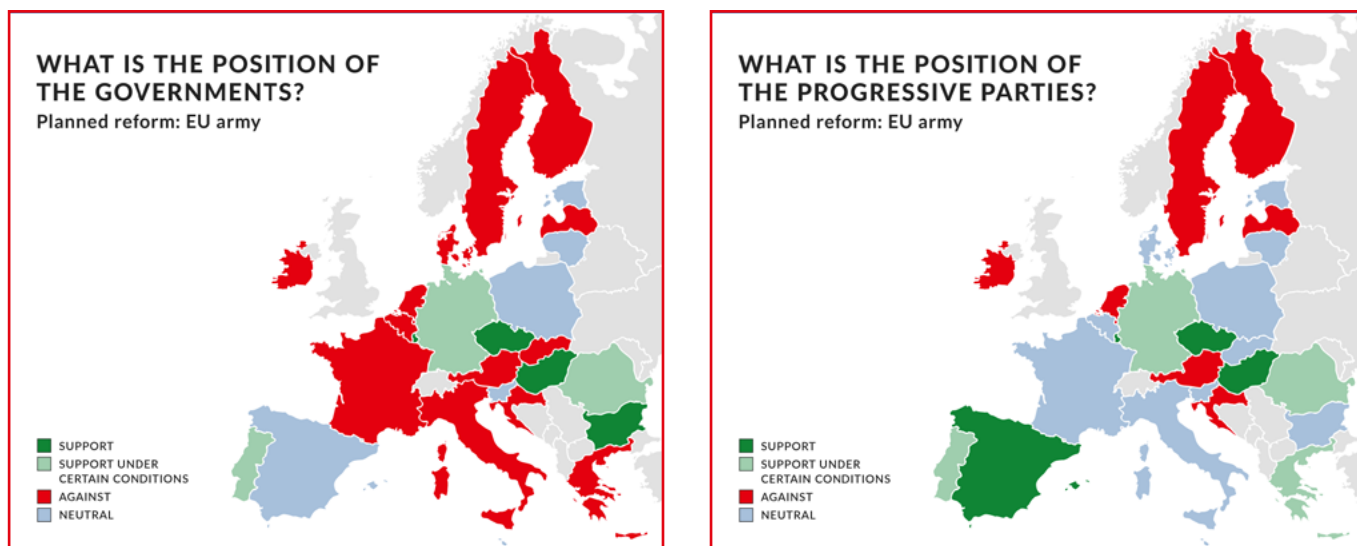
Despite citizens' support for the reform proposal, many EU member states consider it too vague and regard military sovereignty as a prerogative of the nation state. However, the governments of Cyprus, the Czech Republic, Germany, Hungary and Luxembourg as well as the Spanish progressive parties PSOE and PSC support it. Similar to the proposal to extend EU military planning capabilities, the motives for establishing an EU army differ between Eastern and Western EU member states. The Eastern member states' support for an EU army is justified by the motive of protecting the countries' territorial integrity (also the case for Cyprus) and the EU's external borders (Hungarian and Cypriot governments, as well as Greece's socialist PASOK). The Czech government is in

favour of an EU army, but on the condition that its structures remain strictly intergovernmental. In contrast, Luxembourg's position is driven by its traditional support for European defence policy, which makes the country a strong proponent of all initiatives focused on the establishment of an EU army. Germany traditionally supports the establishment of an EU army too, provided it is subject to parliamentary control. Driven by the motive of achieving fairer burden-sharing and cost allocation, as well as allowing for capability synergies among the EU member states, the creation of an EU army is also supported by the Bulgarian government. Overall, this motive is also shared by the Portuguese and Romanian governments, which condition their support on avoiding any duplications of NATO structures or additional expenditure obligations. As regards the scope of a potential EU army, most supportive member states refer to deploying European troops for NATO or United Nation peacekeeping missions.

Because of its vague and distant character, the establishment of an EU army is not discussed in Estonia, Lithuania or Slovenia, which are all rather indecisive regarding the reform proposal. Finland is even opposed to it as it deems its implementation unrealistic.

Opposition to this project also comes from governments of the neutral or opt-out countries (Austria, Denmark, Ireland and Sweden) and countries that consider NATO a vital security provider and do not want to see its role in Europe compromised (Latvia and Poland). Other motives for opposing the establishment of an EU army relate to the sensitive nature of this policy area and divergent national strategic cultures. In fact, it is very unlikely that Croatia would ever support the creation of an EU army due to the trauma it experienced during the War of Independence. The French government and the progressive *Parti Socialiste* oppose the reform proposal to secure national military autonomy. Emphasising that an EU army would only serve the interests of the biggest EU member states, the Greek government is also opposed, whereas Greece's progressive PASOK would support its establishment if it is only

Figure 8: Support for EU Army



deployed on EU territory. Some governments clearly state that they will not accept any central EU command (Czech Republic, the Netherlands, Portugal and Sweden).

8.3 CONCLUSION

The project's findings reveal support for an EU army from nine national governments (and the Spanish progressive parties PSOE and PSC). However, some member states condition their support on no central EU command being set up, which actually contradicts the idea of a supranational EU army. For the high number of member states opposing an EU army or supporting its establishment only under certain conditions, setting up new multinational forces or stepping up existing ones such as the EU Battlegroups would be realistic. A coalition comprising Austria, Bulgaria, France, Germany, Italy, Slovakia and the Spanish progressive PSOE and PSC supports such an initiative.

9. PURE QUOTA SYSTEM FOR THE RELOCATION OF ASYLUM SEEKERS

A pure quota system for the relocation of asylum seekers would replace the Dublin III Regulation (No. 604/2013), which stipulates that the member state of first entry is responsible for processing an asylum application. The criteria for defining a national quota, e.g. GDP or population density, and the idea of a financial correction mechanism funded by member states unwilling to participate in the quota system have been subjects of controversial debates. Furthermore, the European Asylum Support Office (EASO) could be transformed into an EU agency in charge of managing the EU-wide distribution of asylum seekers and processing their applications.

9.1 OVERVIEW OF THE REFORM DISCUSSION AT THE EU LEVEL

The massive migratory influx via the Mediterranean and Western Balkan route in 2015 revealed fundamental weaknesses of the Common European Asylum System (CEAS). The Dublin III Regulation in particular placed a substantial burden on member states with external EU borders, such as Greece, Italy or Hungary, while other states were hardly affected until 2015. As a result, the highly burdened states did not comply with the minimum standards set out in the CEAS and the Dublin III Regulation was temporarily suspended.

In 2015, the European Commission (2015a) published the European Agenda on Migration, which included emergency measures and a basis for further reforms of the CEAS. Since then, in September 2015, two schemes to relocate 160,000 refugees from Greece and Italy to other states were adopted by the Council (Council Decision (EU) 2015/1523; Council Decision (EU) 2015/1601), but hardly implemented. Hungary and Slovakia even filed a lawsuit against the Council decision to declare the schemes void,

but this failed at the European Court of Justice. Moreover, the EU-Turkey Joint Action Plan (November 2015) as well as the EU-Turkey Statement (March 2016) envisaged a resettlement mechanism: for every irregular migrant returned to Turkey, the EU resettles one Syrian refugee from Turkey (European Commission 2015b; European Council 2016). Two other reform packages on strengthening the CEAS launched in 2016 (European Commission 2016b; 2016c) include, amongst other proposals, the harmonisation of asylum standards and the establishment of an EU Asylum Agency (EUAA). These have not yet been fully adopted. Negotiations on a proposed Union Resettlement Framework (European Commission 2016d) to grant safe and regular access to the EU for refugees and persons in clear need of international protection from third countries are also awaiting a decision in the ongoing Trilogue.

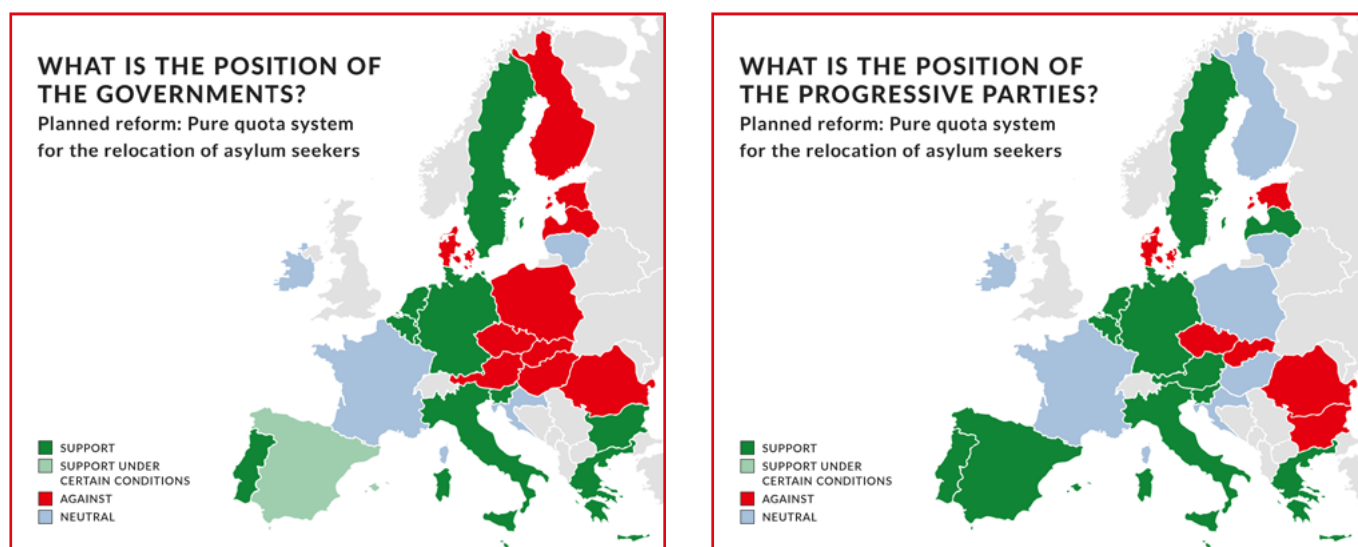
The initiated reform of the CEAS raised tensions between the EU institutions and member states. Notably, the principle of first entry to define the member state responsible for processing asylum applications, a permanent distribution mechanism and financial contributions by countries unwilling to take in asylum seekers were severely disputed. In 2016, the Commission (2016b) proposed a less ambitious reform, which combined the »first point of entry« principle with a corrective allocation mechanism. Nevertheless, the Visegrád countries categorically rejected all reform proposals. Due to the unresolved conflicts, the legislative process is still pending. Moreover, the Parliament and the Council could not reach an agreement in the Trilogue on the resettlement framework, which envisages the resettlement of refugees from third countries in the EU, due to the, in many ways, diametrically opposed negotiation mandates. However, during the Trilogue broad political agreement was reached on the Commission's proposal for transforming EASO into an EUAA with an increased budget and competences. This proposal still needs clarification on a technical level after its first reading in the Committee of Permanent Representatives (European Parliament 2018b).

The European Parliament (2016d; 2017c; European Parliamentary Research Service 2017) has favoured a complete overhaul of the Dublin system. It called for a permanent and automatic relocation mechanism including a distribution key based on a country's population size and GDP and rejected the idea of financial solidarity contributions. Instead, the Parliament demands measures (such as limiting access to EU funds) to ensure that all member states participate fully in the relocation mechanism (European Parliament 2016d; 2017c; 2017d). Similarly, the European Economic and Social Committee (2016a) and Committee of the Regions (2016) criticised the Commission's proposal for its lack of ambition.

9.2 OVERVIEW OF THE REFORM DEBATES IN THE MEMBER STATES

Establishing a pure quota system for the relocation of asylum seekers is the most contested reform proposal covered by this study. A block of at least ten governments, mostly

Figure 9: Support for Pure Quota System for the Relocation of Asylum Seekers



from Central and Eastern European countries (CEECs) also including Austria, vehemently rejects any reform proposals to replace the Dublin system with a permanent and mandatory distribution mechanism. A larger group of 13 countries is in favour of either a relocation or re-settlement system based on national quota. Meanwhile, Denmark is using its opt-out from justice and home affairs.

Among the CEECs, the Visegrád states with Hungary in the frontline strongly oppose the idea of deepening the CEAS and establishing a pure quota system. In 2015, they voted against the adoption of the second emergency relocation scheme, although Hungary had originally been one of the beneficiaries but withdrew from it voluntarily. While Hungary and Poland did not relocate a single asylum seeker, the Czech Republic and Slovakia accepted just a few. Thus, the Commission initiated several infringement procedures (European Commission 2017g), which fuelled the Eurosceptic stances and fears for the national sovereignty of these countries. Generally, the public debate on migration issues in the CEECs has been highly driven by socio-economic and cultural concerns, including strong anti-immigrant sentiments towards Muslims, especially in the Visegrád countries but also in Austria and Romania. While most of the progressive parties in these countries support their governments' positions, the progressive parties in Austria and Hungary are clearly in favour of a pure quota system. Even though the Austrian government plans to focus on border management during its EU Council Presidency in 2018, it might end up becoming a mediator between the two blocks as it fears that the debate on the relocation scheme will foster the division within the Union.

While the Finnish and Baltic governments accepted the emergency relocation scheme, they reject a permanent and mandatory relocation scheme. Similarly, most of the progressive parties in the Baltic states and also in Finland¹¹ share the governments' positions, too. However, like the Danish

government they would agree to a voluntary mechanism that takes into account a country's capacity to host and integrate asylum seekers. Austria, the Czech Republic, Denmark, Hungary, Latvia, Poland and Slovakia all insist that asylum and migration policy should remain a national competence. While the Visegrád states prefer voluntary financial contributions instead of taking in asylum seekers to show solidarity, the other CEECs are unwilling to accept such obligations.

A group of 13 countries supports the idea of a pure quota system. However, their positions differ depending on their geographic location and the number of migrants living within their borders. Countries such as Bulgaria, Greece and Italy being three of the main entry countries and disproportionately burdened, as well as Croatia, put great emphasis on replacing the Dublin system with a permanent relocation mechanism and financial support. With the exception of the Bulgarian Socialist Party, which is more concerned about completing the fence at the Turkish border, all progressive parties in this group of member states back the governments' position. The Benelux states, France, Germany, Ireland, Malta, Portugal and Sweden put great emphasis on solidarity and burden-sharing. All of these countries' governments and progressive parties support the establishment of a fair quota system. While the Belgian government welcomes financial support from countries unwilling to take in asylum seekers, the Dutch and Swedish governments, as well as most of these countries' progressive parties, insist on binding obligations for all member states and sanctions such as limiting access to EU funds for non-compliance. Even on the transformation of the EASO into an EUAA, there are unresolved issues with regard to the agency's authority to intervene directly in a member state's affairs when the functioning of CEAS is at risk as well as regarding the potentially overlapping competencies with national agencies. However, the German grand coalition is tending to back a voluntary distribution mechanism and is calling, at the very least, for a corrective allocation mechanism to be triggered to relieve disproportionately burdened states.

¹¹ The only exception is the Latvian progressive party.

9.3 CONCLUSION

As a significant number of member states strongly reject an EU-wide quota system for the relocation of asylum seekers, there are only slim prospects of this reform project being implemented across the EU in the near future. There is a regional East-West divide on the idea of introducing a pure quota system. The Central and Eastern member states, as well as Austria, Denmark, Estonia, Finland and Latvia and clearly oppose the reform proposal. The Benelux as well as Southern countries (Cyprus, Greece, Italy, Malta and Portugal) and Germany, Slovenia and Sweden support a quota system for either the relocation or resettlement of asylum seekers in the EU. Given the high public salience of the topic and resentment among large parts of the population in the member states, it remains to be seen whether even a small number of willing member states would agree to set up a voluntary distribution mechanism for relocation. However, there is still disagreement within the group of countries supporting such a reform project with regard to the criteria determining a member state's responsibility as well as the type and the binding nature of financial contributions.

10. EXTENDING COMPETENCES OF THE EUROPEAN BORDER AND COAST GUARD AGENCY (EBCG)

As part of a package of measures that aimed at strengthening the EU's external border control, Regulation No. 2016/1624 on the European Border and Coast Guard (EBCG) entered into force in October 2016. The new agency succeeded the former European Agency for the Management of Operational Cooperation at the External Borders (Frontex) by extending its mandate and activities in border management. However, further reform elements such as the agency's right to operate in a member state without its consent, the scope of its functions, the size and status of its personnel as well as its democratic accountability and transparency still have to be assessed.

10.1 OVERVIEW OF THE REFORM DISCUSSION AT THE EU LEVEL

Due to the deficient inadequate border management infrastructure at the EU level, which relies largely on peripheral member states, Greece, Hungary and Italy have been massively overburdened with regard to control of the EU's external borders as a result of the sudden migration influx in 2015. Rising national security concerns of inner European countries led to the temporary reintroduction of national border controls, which challenged the principle of free movement within the Schengen area (Tammikko 2017). The further integration of the Schengen area's external borders has found the broadest common ground within the EU institutions and between the member states. Thus, the European Parliament and the European

Council urged the European Commission to submit a proposal as announced in its Agenda on Migration in 2015. In December 2015, the Commission initiated a rapid legislative process passing Regulation No. 2016/1624 on the establishment of the EBCG within nine months.

The new agency's mandate and operational capacity has been considerably enhanced compared to Frontex. The new regulation stipulates that European integrated border management is a »shared responsibility« between the agency and the member states, which, however, retain the primary responsibility for border control. Operational capacity is strengthened by significantly increased staff, budget and access to equipment. The EBCG has gained new functions with regards to the return of illegal migrants, assessment of member states' capacities and vulnerabilities in its border management and search and rescue operations. By far the most controversial feature of the regulation has been the agency's »right to intervene«, when the functioning of the Schengen area is jeopardised or a member state does not comply with the requirement to address vulnerabilities as recommended by the EBCG management board: On the basis of a proposal from the Commission, the Council may authorise the EBCG to provide assistance. Article 29 of the Schengen Border Code can be applied as an instrument of last resort, thus leading to a temporary reintroduction of internal border checks, if the member state concerned does not comply with the Council decision. However, the Commission or agency's right to deploy border guards without a member state's consent, as envisaged in the Commission's first proposal, has been removed due to resistance from the Council and Parliament.

Generally speaking, the EBCG regulation did not introduce any fundamental changes in European border management and control. The inherent intergovernmental logic and dependence on member state contributions and cooperation remain intact (cf. Carrera et al. 2017). On a number of issues, the Council watered down or removed parts of the Commission's significantly more ambitious proposal, e. g. on member state obligations in sharing of information, the substitution mechanism, the deployment of personnel and the function of its management board. Similarly, the European Parliament (2016e; f; g; h; i) also significantly modified some provisions of the regulation, thus strengthening the accountability and transparency of the agency (e. g. by obliging it to regularly inform the Parliament), preventing the establishment of a European return office and by embedding explicit references to human and fundamental rights into the operational provisions of the EBCG (Carrera et al. 2017: 47). Nonetheless, serious concerns from the European Economic and Social Committee (2016) in line with several relevant civil rights organisations (cf. International Commission of Jurists/European Council on Refugees and Exiles/Amnesty International 2016) remain regarding the lack of clarity on the division of responsibilities between member states and the agency, fundamental human rights guarantees, respect for the principle of non-refoulement and the lack of accountability for possible violations of rights.

10.2 OVERVIEW OF THE REFORM DEBATES IN THE MEMBER STATES

The broadest political agreement across the EU has been in support of the establishment of the EBCG and the extension of its competences. With Malta being the only exception, a clear majority of the governments and progressive parties in the EU are in favour of further integrating the control of the Schengen area's external borders and extending the EBCG's authority and resources in order to better manage and reduce migration from third countries. Countries with external borders (Cyprus, Greece and Italy), in particular, demand a greater European presence. An EBCG endowed with more competences regarding return and rescue tasks shall assist the border and migration management at their external borders in order to relieve their own national authorities. The governments and progressive parties of France, Germany, Luxembourg and Portugal, in particular, support the extension of the agency's functions, size and the status of its personnel in order to show solidarity and share responsibility with peripheral countries and even with neighbouring third countries concerned. Further contributions to the EBCG are necessary to enable it to provide humanitarian and technical assistance. In particular, the progressive parties in these countries aim at reinforcing the agency's mandate for sea rescue.

A larger group of member states (including Austria, Bulgaria, Denmark, Hungary, Poland and Spain) whose support for strengthening the EBCG and, in particular, extending its resources is mainly driven by security concerns also put a great emphasis on maintaining national sovereignty in border control. They are strictly against the deployment of EBCG personnel without the consent of the member states concerned. Furthermore, border and coast guards deployed in member states have to be placed under national command. In contrast, the Czech Republic, Finland, the Netherlands and Slovenia agree with all measures to

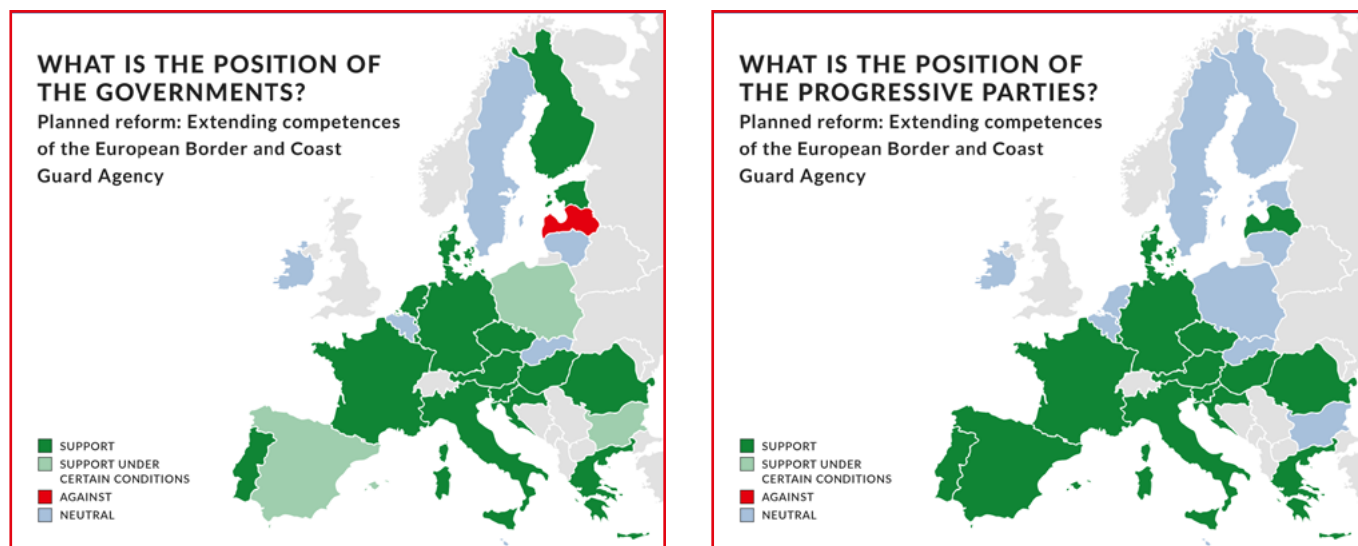
ensure border security and, thus, would agree to the EBCG's right to intervene without the consent of a member state, if that state fails to adequately protect the Schengen area's external borders. The agency's potential »right to intervene« is the most controversial aspect of the EBCG reform and is clearly rejected by a majority of the governments and progressive parties in the member states.

While Slovakia sees no need to further extend the agency's competences, as this has already been agreed on at EU level, the Maltese government and progressive party are opposed to it due to national sovereignty concerns. There is barely any political debate on the reform project in Belgium, Ireland and Lithuania. Like Ireland and Croatia, which are not members of the Schengen area, Romania would most likely support enhancing external border control and extending the EBCG's competences as soon as it is able to join. Nevertheless, many aspects of the reform project, such as financing the EBCG and its accountability, need to be further addressed by the majority of the member state actors.

10.3 CONCLUSION

Despite national sovereignty concerns in several member states, the establishment of the EBCG and the extension of its competences with regard to border control and sea rescue find broad political approval across the EU. There is a clear focus on the securitisation of migration. Thus, the majority of member states' governments and progressive parties support the further integration of the Schengen area's external border control. However, only the agency's potential »right to intervene« in member states territory is clearly rejected by the majority of member states and has been already removed from the regulation on the establishment of the EBCG by the Council. Concerns remain regarding the accountability of the agency, which has barely been discussed in the member states.

Figure 10: Support for Extending Competences of the European Border and Coast Guard Agency



11. INCREASED DEMOCRATIC ACCOUNTABILITY OF THE ECONOMIC GOVERNANCE OF THE EURO ZONE

In the aftermath of the financial and economic crises a new EU economic governance regime has been created that significantly affects the autonomy of member states' economic policy. This loss of political autonomy has fuelled the debate on the lack of democratic accountability in the euro zone. Several measures have been proposed to alleviate the situation: Concrete proposals range from strengthening the role of the European Parliament in the European Semester to establishing a European economic government or a European finance minister that would be accountable to the European Parliament.

11.1 OVERVIEW OF THE REFORM DISCUSSION AT THE EU LEVEL

Despite the fact that responsibility for monetary policy had been transferred to the supranational level with the establishment of the EMU, decision-making and democratic accountability in the field of economic policy remains the domain of national sovereignty. The financial and economic crises and the new economic governance regime that was installed thereafter significantly changed the situation: First, with the Fiscal Compact and the EU »Six-Pack« European budgetary rules were tightened significantly limiting member states' autonomy with regards to economic policy (Seikel 2017). Second, in the course of the crises, institutions such as the European Stability Mechanism have been established that far exceed the mode of cooperation that was typical in the economic policy area before. Third, credit guarantees for those countries in need of financial stabilisation were conditioned on the implementation of structural reforms and severely limited the economic policy autonomy of the countries concerned. The institutions formerly known as the European troika (i. e. the Commission, the European Central Bank (ECB) and the International Monetary Fund) made far-reaching economic policy decisions. Finally, after the crises, a new system of risk sharing has been institutionalised at the European level. The credits that were granted by the ESM are one example of increased risk sharing in the euro zone. Another example is the purchase of government bonds by the ECB (Schelkle 2017). Yet, this movement towards a solidarity union was not underpinned by an increase in democratic accountability: decision-making took place in governmental or technocratic circles without adequately involving the parliaments, either at the national or at the European level.

In what was known as the Saint Nicholas package, published on 6 December 2017, the European Commission proposed several measures to increase the democratic accountability of its economic governance regime. With the aim of simplifying the complex institutional architecture of the EMU, the Commission suggests including the Fiscal Compact in the EU Treaties (European Commission

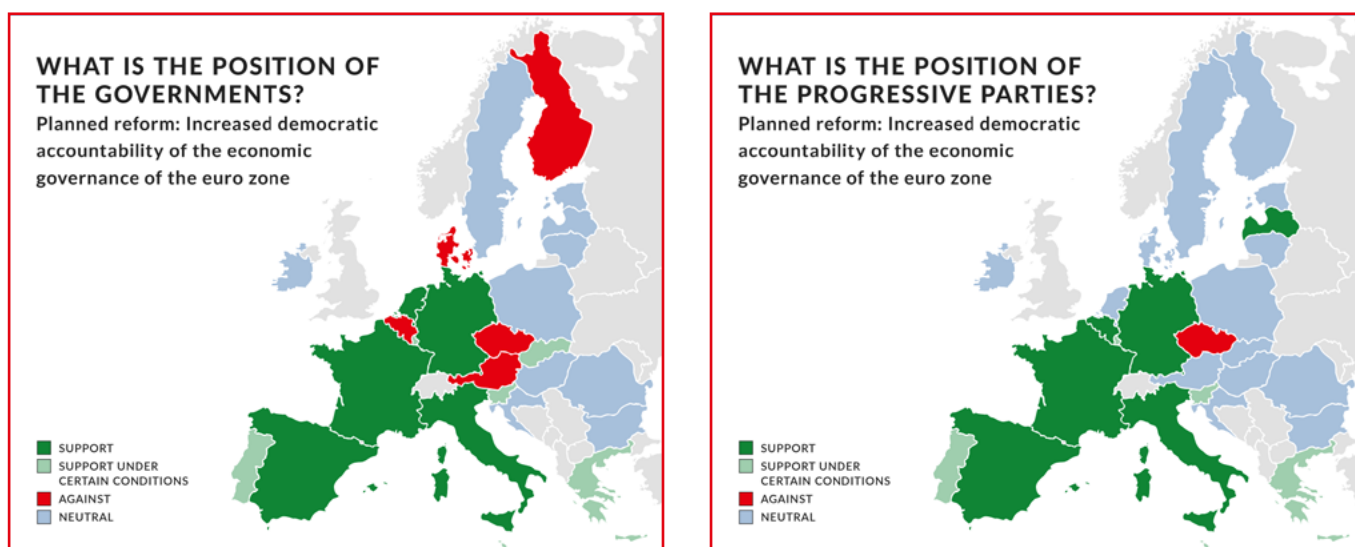
2017c) and combining existing functions and expertise in one office, possibly a European minister of economy and finance. In this way, so the Commission argues, stronger parliamentary scrutiny of European economic policy-making could be achieved. Further proposals to strengthen the democratic accountability of the European economic governance regime, which have not been taken up by the Commission so far, come for instance from the Group of Socialists and Democrats in the European Parliament, who have demanded that an interinstitutional agreement establishing a quasi co-decision procedure in euro zone governance matters. In this way the European Parliament would have a greater say in the formulation of country-specific recommendations in the European Semester, for instance (S&D 2017). Another idea that has influenced the public debate, especially in France, is the creation of a euro zone parliament in which representatives of national parliaments would be granted far-reaching powers to influence fiscal policy decisions (Hénette/Piketty/Sacriste/Vauchez 2017). Finally, the aim of increasing the democratic accountability of European economic policy is also the objective of the *Eurozone Watchdog Network*, an alliance of 18 organisations launched by *Transparency International*. In their manifesto, the signatory organisations propose a range of different instruments to increase the democratic accountability of euro zone governance. Some of the suggestions focus, for instance, on increasing the democratic scrutiny of the Euro Group (Eurozone Watchdog Network 2017).

11.2 OVERVIEW OF THE REFORM DEBATES IN THE MEMBER STATES

There is a range of member states that acknowledge a lack of democratic accountability as far as the newly created economic governance is concerned and wish to improve the situation. The general proposition to increase the democratic legitimacy of euro zone governance finds support in a significant number of member states. However, beyond this rather superficial political demand, concrete positions differ dramatically between the member states. Different meanings of democracy and democratic accountability prevail, leading to heterogeneous suggestions to improve the current state of affairs. Hence, the reform debate concerning the democratic accountability of euro zone governance is much broader at the member state level than at the EU level. The Spanish government criticises the creation of intergovernmental contracts such as the Fiscal Compact which sideline the Treaties and strengthen the power of the member states' executives. New euro zone member Slovenia criticises the informal body of the Euro Group, which often *de facto* prepares the decisions of the ECOFIN Council without adequate participation of non-euro zone members. Finally, the democratic governance of a possible European Monetary Fund is under scrutiny (Germany).

Most interestingly, there is a sharp discrepancy between the debate on the European and at the member state level. The European Commission and the European Parliament suggest strengthening democratic governance

Figure 11: Support for Increased Democratic Accountability of the Economic Governance of the Euro Zone



at the supranational level by improving the democratic control of the European Parliament and by establishing the office of a euro zone finance minister. Unsurprisingly, member states tend to focus at the national level, demanding that the role of national parliaments are strengthened in the newly created economic governance regime. The Netherlands and Slovenia, for instance, demand that the role of national parliaments should be strengthened in the European Semester. The newly formed German government calls for national parliaments to retain the power to effectively control a possible future European Monetary Fund. There are strong reservations about the creation of a euro zone finance minister in Denmark, Greece, the Netherlands and Portugal. Independent of the political orientation of the government these member states fear that this might constitute a step towards a fiscal union leading to a loss of fiscal sovereignty. Support for a euro zone finance minister can only be found in France, Italy and Spain. The coalition agreement of the new government in Germany does not even mention this reform option any more, although central government actors enthusiastically embraced the idea in the last legislature.

11.3 CONCLUSION

There seems to be a common awareness of the problem of democratic accountability of euro zone governance. However, definitions of democracy differ dramatically between the member states, on the one hand, and the EU institutions, on the other. As a consequence, a set of very different reform proposals to improve the democratic legitimacy of euro zone governance is currently under discussion. It is rather unlikely that any reform proposal to increase the democratic accountability of the newly created economic governance regime will be successfully implemented in the near future. Political actors would first have to define whether democratic control needs to be

improved at the national or the European level. Member states' reservations about a fiscal union with a European economic government and a euro zone finance minister are significant as they fear a loss of fiscal sovereignty.

12. EUROPEAN CITIZENS' INITIATIVE

The European Citizens' Initiative (ECI) allows one million citizens of the EU to invite the Commission to propose a legislative act in an area where they consider European law necessary. If the total number of statements of support collected for an ECI pass the EU-wide and national thresholds in at least seven member states, the European Parliament organises a public hearing on the subject and the Commission is obliged to meet the organisers and justify how it will deal with the proposal. However, only four of the total 68 initiatives that ever applied for registration with the Commission until 1 April 2018 were successful in collecting the required number of signatures. Citizens' limited use of the ECI and the even lower success rate have been attributed to the rather complex ECI procedure.

12.1 OVERVIEW OF THE REFORM DISCUSSION AT THE EU LEVEL

A small community of activists promoting direct and participative democracy in Europe has been discussing the user-unfriendly design of the ECI. However, the debate was of low salience for decision-makers and researchers (Gerstenmeyer/Plottka 2018; Plottka 2017). This changed in 2016, when the European Economic and Social Committee (2016b) called for an ECI reform and the European Parliament started to work on an own initiative report also demanding a reform (European Parliament 2016j). Finally, in April 2017, the European Commission launched a consultation process on reforming the ECI

and published its proposal for a new ECI regulation in September 2017 (European Commission 2017h). Since then there has been an ongoing public debate on the practical obstacles for organisers. The following weaknesses are being debated at the EU level, where solutions to these shortcomings are supported by at least one national government or progressive party covered by our survey with the objective of making the ECI more user-friendly and raising public awareness:¹²

- Organisers cannot decide when to start collecting statements of support following the registration of an ECI with the European Commission. To reduce time pressure, they shall be allowed to independently set the date within a given timeframe.
- Initially, the Commission did not register a high number of ECIs. It shall therefore be obliged to make its reasons for refusing a registration more transparent and it shall be permitted to partially register ECIs.
- The data required for signing an ECI shall be harmonised as they currently differ between the member states and citizens shall be able to use electronic IDs to sign an ECI.
- The minimum age for signing an ECI shall be harmonised EU-wide at 16 years; today, it is 18 years, except in Austria, where the minimum age is 16 years.
- The follow-up procedure to successful ECIs shall be reformed as it lacks any direct legal consequences.
- More PR activities shall make the ECI better known as few citizens are aware of the instrument.

¹² For an overview of reform proposals, see Gerstenmeyer/Klein/Plottka/Tittel (2018).

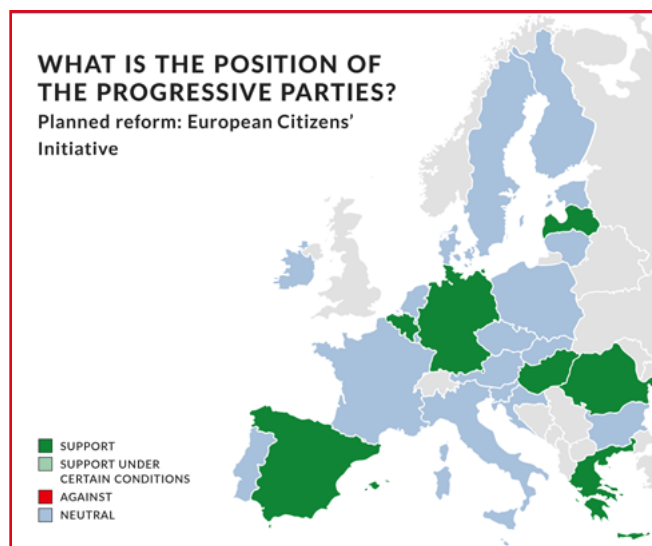
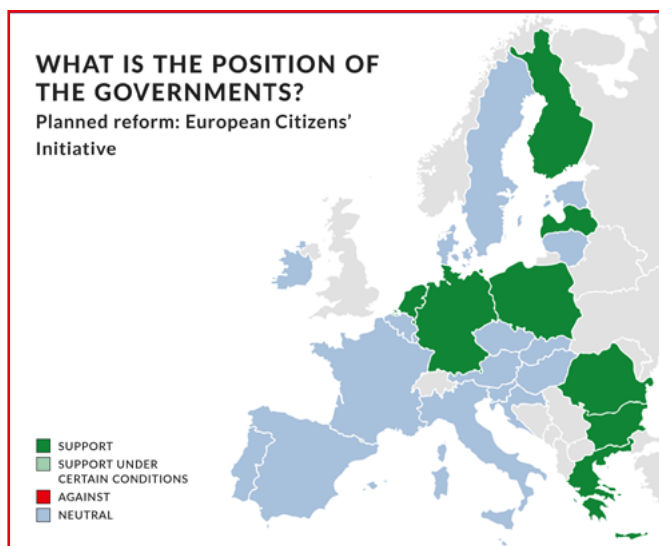
12.2 OVERVIEW OF THE REFORM DEBATES IN THE MEMBER STATES

The findings covered by the survey clearly confirm that the issue is a niche topic for EU politics. A majority of progressive parties and national governments in the member states of the EU-27 do not have a specific position on the issue. However, the low salience of the topic does not reflect scepticism towards the instrument, but rather the perception that it is not really politically relevant. With three exceptions (the Czech government and ČSSD and the government of Lithuania), nearly all progressive parties and governments support the ECI reform that aims to make the instrument more citizen-friendly and to simplify the procedure. The only contested reform proposal is the reduction in data requirements for signing an ECI. While Germany, the Netherlands and Romania support the reduction, the Polish government objects to the limitation of scope of personal data required for statements of support as proposed by the Commission, although Poland also wants to simplify the signature of ECIs. This reflects a central conflict line, which had been already visible during the legislative process establishing the current ECI regulation No. 211/2011. In 2010/2011, the compromise was that 19 member states require the provision of an ID document, while nine do not.

12.3 CONCLUSION

With regard to the ongoing reform of the ECI regulation, it is obvious that neither in the European Parliament (Schöpfli 2017) nor in the Council of the EU will there be opposition to attempts to reform the ECI in order to facilitate the process and make it more citizen-friendly. However, it remains an open question as to how far the EU-level legislators will go. The European Commission's (2017h) proposal includes many suggestions from the ongoing reform debate

Figure 12: Support for European Citizens' Initiative



among interested stakeholders. It is therefore likely that the reform will be advanced. However, transforming the ECI into an instrument of direct democracy and establishing a direct legal effect is the red line for many member states (and also Members of the European Parliament). This cannot be achieved by reforming the ECI regulation and must be a subject of discussion during the next Treaty reform.

13. FLEXIBLE INTEGRATION

The concept of flexible or differentiated integration – limiting the application of certain rules to certain EU member states – is not a reform project in itself, but an instrument for deepening integration, even when not all member states support a reform proposal. It makes it possible to manage diversity as member states not willing to participate in a specific integration project can preserve their national sovereignty in this area. It also reduces decision-making costs as member states opposing deeper integration can be excluded from a project that they would otherwise veto. Against the backdrop of the current need for EU reforms and the increasing influence of Europesceptic forces, flexible integration has become a popular approach in the current debate on the future of Europe. Scenario 3 »Those who want more do more« of the »White Paper on the Future of Europe« (European Commission 2017a) is often considered the most likely of the five scenarios, especially because it is already a reality in the EU of 28 member states (Tekin 2016; 2012). For the »RelaunchEU« project, the general support for using an instrument of flexible integration was surveyed.

There are a number of different instruments to establish flexible integration, which can be used for a number of policy areas. A few of them are specifically dedicated to one policy area (see Table 1). The instruments available for flexible integration differ considerably in terms of their decision-making costs (see Table 1 for an overview). In general, there are three groups of instruments: differentiation requiring Treaty reform, differentiation within the Treaties and differentiation outside EU primary law.

Differentiation requiring Treaty reform bears the highest decision-making costs (Art. 48 TEU): All national governments have to agree to the reform, which has to be ratified in all member states in accordance with the provisions of the national constitutions. Furthermore, the European Parliament is consulted and, in the ordinary revision procedure, a Convention convenes. With regard to the subject matter and the conditions for new flexibility, there are no limits to the design of primary law differentiation. For establishing flexibility within the Treaties, the Treaties stipulate the decision-making procedure and the policy area to which the respective instrument of flexible integration is applicable. For some instruments, the Treaties also define conditions. The flexibility clause carries the highest decision-making costs. This clause allows measures to be adopted if the Treaties define an objective but do not provide the necessary powers (Art. 352 TFEU). In the case of Germany, such a decision has to be ratified by the Bundestag. Secondary law can also be applied

in a differentiated way. Legislation adopted with regard to the euro zone, the common Area of Freedom, Security and Justice (AFSJ) and Common Security and Defence Policy (CSDP) automatically result in differentiation. Here, the decision-making costs are rather low: Following a proposal of the Commission, the European Parliament and the Council of the EU have to approve the proposal. Enhanced cooperation and permanent structured cooperation (PESCO) are specifically devoted to flexibility, but subject to certain conditions, e.g. PESCO is limited to the CSDP. Both instruments reduce the decision-making costs as in most cases, to proceed with further integration, a qualified majority¹³ is needed among a minimum of nine, respectively two member states.

To proceed with European integration outside EU primary law, consensus among at least two member states is necessary to establish a new international treaty. This facilitates decision-making considerably, but the instrument further increases the complexity of the Union. There are no limitations with regard to the areas that can be addressed.

13.1 OVERVIEW OF THE REFORM DISCUSSION AT THE EU LEVEL

While the debate on downward flexibility, which allows selected member states to opt-out from existing obligations (Wessels/Wolters 2017), has calmed down since the British decision to leave the EU, upward flexible integration has become a very popular concept as it facilitates further progress in European integration. However, there are also sceptics warning about the dangers of the instrument.

Since flexible integration is a good instrument for overcoming political gridlocks, actors willing to push the EU's reform process forward are in favour of this instrument. Notably, the European Commission has proposed scenario 3 »Those who want more do more« in its »White Paper on the Future of Europe«, in which »one or several ›coalitions of the willing‹ emerge to work together in specific policy areas« (European Commission 2017a: 20). The objective is clear: Member states willing to engage more in EU integration shall not be stopped by less willing EU members. Also, at the national level, Heads of State or Government, e.g. the German Chancellor (Federal Chancellor of Germany 2018) and the French President (Macron 2017), have endorsed the concept of upward flexibility as a pragmatic way to realise necessary reforms despite a lack of consensus.

However, there are also reservations about flexible integration becoming the new way forward in the EU. Some European actors are afraid of an exclusive core that leaves other member states behind (Pitella, cited in Bernas 2017). The President of the European Commission Jean-Claude Juncker (2017a) even warned that multi-speed Europe could result in a new »iron curtain« between Eastern and

¹³ For enhanced cooperation qualified majority requires the approval of 55 percent of member states, representing 65 percent of the population, while qualified majority for PESCO requires support from 72 percent of member states, which represent 65 percent of the population.

Table 1
Instruments of Flexible Integration and Voting Procedure

| Category | Instrument establishing differentiated integration ¹⁴ | Legal status | Treaty basis | Voting procedure ¹⁵ |
|---------------------|--|--|--|---------------------------------|
| Treaty revision | Ordinary revision procedure | Primary law | Art. 48 (2–5) TEU | Unanimity (28 MS) |
| | Simplified revision procedure | | Art. 48 (6) TEU | Unanimity (28 MS) |
| Within primary law | Flexibility clause | Secondary law | Art. 352 TFEU | Unanimity (28 MS) |
| | Legislative procedures (in most cases ordinary legislative procedure) | Secondary law | Usually Art. 294 TFEU | QM (at least 55 % of the 28 MS) |
| | Enhanced cooperation (at least 9 MS) | Council decision | Art. 20 TEU in conjunction with Art. 326–334 TFEU | QM (at least 55 % of the 28 MS) |
| | Enhanced cooperation in criminal matters, police cooperation and for establishing a Public Prosecutor's Office (at least 9 MS) | Communication to the European Commission, the European Council and the European Parliament | Art. 82, 83, 86, 87 TFEU in conjunction with Art. 20 TEU and Art. 326–334 TFEU | Unanimity (at least 9 MS) |
| | Enhanced cooperation in the area of CFSP (at least 9 MS) | Council decision | Art. 20 TEU in conjunction with Art. 326–334 TFEU | Unanimity (28 MS) |
| | Permanent structured cooperation (PESCO) (at least 2 MS) | Council decision | Art. 46 TEU in conjunction with Protocol No. 10 | QM (at least 72 % of the 28 MS) |
| Outside primary law | International treaty | International law | None | Unanimity (at least 2 MS) |

Source: Own table.

Western Europeans. Elmar Brok and Mercedes Bresso therefore called for inclusiveness of any initiatives carried out through flexible integration so that non-participating member states would also be able to join at any time (European Parliament 2017e). They consider flexible integration to be an option of last resort. Furthermore, there are concerns about the practice of Europe »à la carte« endangering the unity of the member states and making the EU governance system more complex. Sometimes this results in opaque decision-making and endangers the EU's democratic accountability as the institutional responsibilities become fragmented (European Parliament 2017e). For these reasons, Guy Verhofstadt proposed measures substantially limiting the number of opt-out opportunities

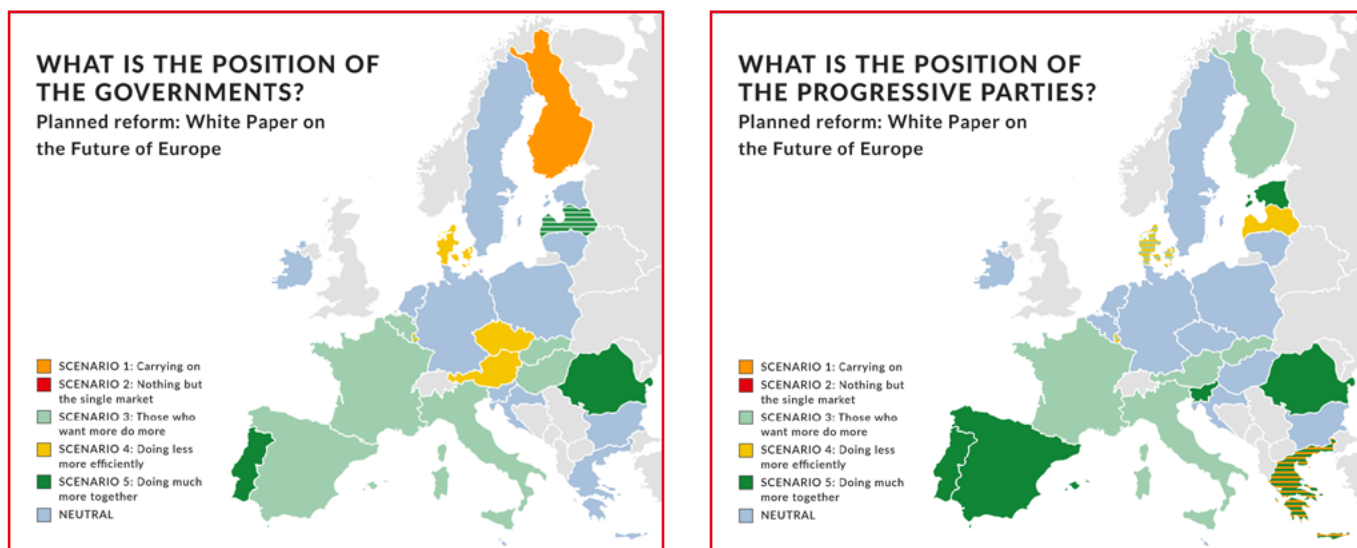
(European Parliament 2016k). Finally, the European Parliament is rather sceptical about differentiation, as it fears this could result in the establishment of parallel institutions, as recently suggested by Emmanuel Macron, and thus undermine its authority. Several Members of the European Parliament made it clear that in their opinion, »the European Parliament is the Parliament of the whole union« (European Parliament 2017e: 10). In his State of the Union Address, Jean-Claude Juncker (2017b) reiterated this position.

With regard to the instruments, efforts to maintain the authority of the supranational institutions are visible as well. Members of the European Parliament and the Commission strongly reject flexible integration through instruments outside the European Treaties as this would probably result in the establishment of decision-making procedures or institutions outside the Union framework. Recognising that intergovernmental solutions may sometimes be inevitable, Brok and Bresso urge the leaders of the member states to replace them with Union procedures as soon as possible, even if not all member states are participating in the respective project (European Parliament 2017e). This is the

¹⁴ The minimum number of member states to which a special scheme applies is mentioned in brackets, unless that is evident.

¹⁵ Voting procedure and quorum as well as number of participating member states necessary to introduce differentiation. An additional presentation of the involvement of community institutions and national parliaments has been omitted for reasons of clarity.

Figure 13: White Paper on the Future of Europe



only way to ensure that all EU decisions are carried out through a single institutional framework. Verhofstadt even goes one step further stating that the Ordinary Legislative Procedure is the only decision-making process that takes all interests into account. To ensure that this procedure maintains its relevance, he considers a Treaty reform necessary, which replaces the current disorder of European differentiation with an »associate status« providing reluctant states with the option of participating in only a limited number of EU policies (European Parliament 2016k).

13.2 OVERVIEW OF THE DEBATES ON FLEXIBLE INTEGRATION IN THE MEMBER STATES

Even though the concept of flexible integration has become popular, the debate in the member states remains controversial. It is notable that just a few actors (such as the Croatian, Irish and Lithuanian governments) are either indecisive or have not formed an opinion on the topic yet. However, beyond the controversy there is broad agreement that »cherry picking« is neither desirable nor acceptable. The only exception is the Czech Republic, where the government supports »cherry picking.« The other members can be sorted into three groups, those which support flexible integration, those which support it as a second-best option when a reform with all member states is impossible, and those which are categorically against flexible integration.

For countries generally in favour of flexible integration, it is a *conditio sine qua non* that differentiation projects have to be open to every member state to join later. This group includes five of the founding states, specifically Belgium, France, Germany, Italy and Luxembourg, as well as Latvia, Malta, Poland, Slovakia and Spain. These countries see flexible integration as a suitable instrument to overcome political gridlocks. France in particular considers itself a leader in the reform process and is willing, together with Germany, to promote certain

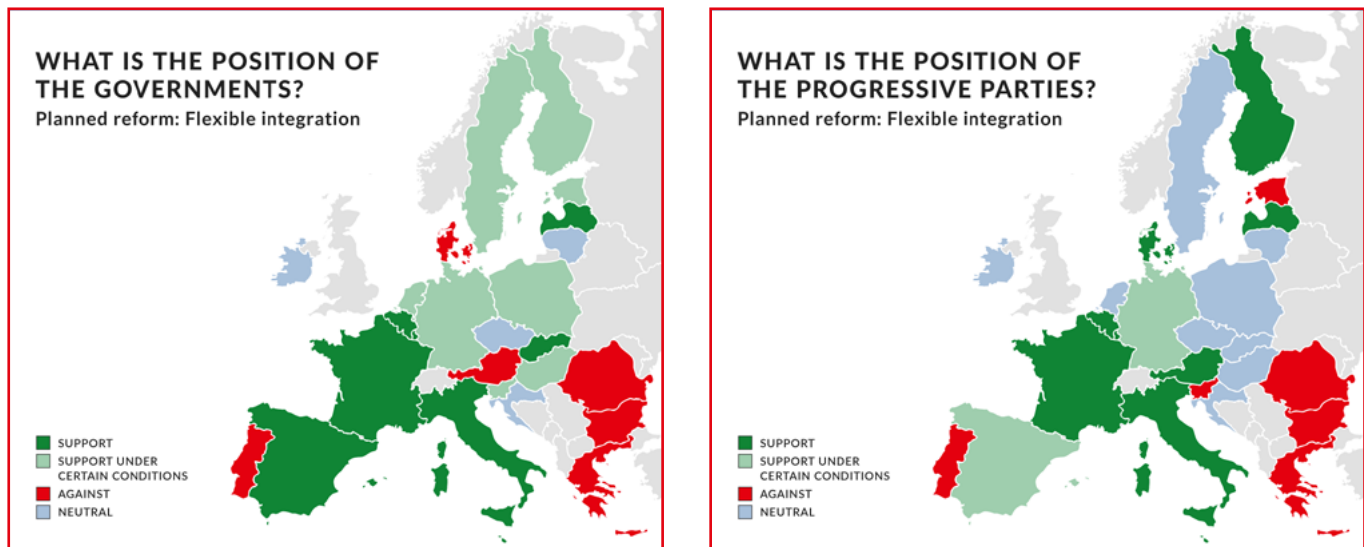
initiatives through flexible integration. However, these member states are also aware of the risks of flexible integration. In particular, they reject any permanent division of the EU into different groups caused by a core progressing with integration. The other non-participating member states may not be left behind. They therefore insist that every flexible integration initiative has to be inclusive.

A second group consists of countries that are ready to participate in flexible integration if these initiatives remain open to other member states and if it is impossible to make progress with reforms in the EU-27. The group includes Finland, Estonia, the Netherlands, Slovenia and Sweden. Like the former group, these countries see flexible integration as an opportunity to proceed with European integration despite a lack of consensus among the EU-27. However, they strongly advocate coherence of the EU and fear that regular use of flexible integration could endanger this. Flexible integration is, therefore, only an option of last resort for them. To ensure a minimum of coherence, the Dutch government even insists that all member states commit to certain core values. Portugal fears that flexible integration would harm the project of European integration as a whole, but its government acknowledges that different speeds might be necessary to advance integration within the EU at all.

Countries strongly rejecting flexible integration include smaller and newer member states, such as Austria, Bulgaria, Cyprus, Denmark, Greece and Romania. Most of them are either (still) excluded from specific policy areas (e.g. Romania from the Schengen area) or they voluntarily opted-out of some (e.g. Denmark from CSDP). They fear a common use of flexible integration would leave them further behind. Despite participating in all EU policies, Austria and Greece are against leaving other member states behind, too. Furthermore, most opponents of flexible integration fear that it could advantage bigger member states and further deepen economic and social disparities.

In addition to these three groups, the Hungarian government is in favour of flexible integration to maintain national

Figure 14: Support for Flexible Integration



sovereignty instead of deepening European integration. It is highly likely to reject any proposal of downward flexibility. As previously mentioned, the Czech government's opinion is also something of an exception as it favours the concept of »Europe à la carte«. However, it also rejects a core Europe as it fears becoming a »second-class member state«.

The debate in the member states reflects the arguments heard at the European level. Many actors see flexible integration as a suitable way of pushing integration forward when a lack of consensus makes progress in the EU-27 impossible. However, there are strong concerns about the effect of this instrument on the EU's unity and all member states consider the inclusiveness of any initiatives as inevitable. Nevertheless, the large number of member states that either support flexible integration or see it as an option of last resort, makes it very likely that it will be the instrument used to proceed with European integration. In particular the Franco-German couple and the other founding states¹⁶ plus Spain are strongly in favour of flexible integration to advance European integration.

13.3 OVERVIEW OF THE DEBATES ON REFORM INSTRUMENTS IN THE MEMBER STATES

The debate with regard to the preferred instruments for realising reforms of the EU is less controversial. Arguments taking into account all possible options are quite rare. Opinions are often formed based on subjective evaluations of the likeliness as well as the desirability of a Treaty reform. Nevertheless, most of the actors have an explicit opinion and there is one solution favoured by a wide majority of member states.

Most national actors prefer European integration to be progressed through instruments within the European Treaties. They deem the probability of a Treaty reform to be

rather low as decision-making costs are high. Furthermore, they also worry about its consequences for European unity. For these reasons, most EU member states see pushing forward concrete reforms using instruments within the Treaties as the most effective method of European integration given the lack of consensus among the EU-27. Germany and France even have concrete ideas on projects they would like to support, such as a consolidated common base for corporate taxes. However, both countries are also open to Treaty changes in the long term, especially when it comes to reforms of the euro zone.

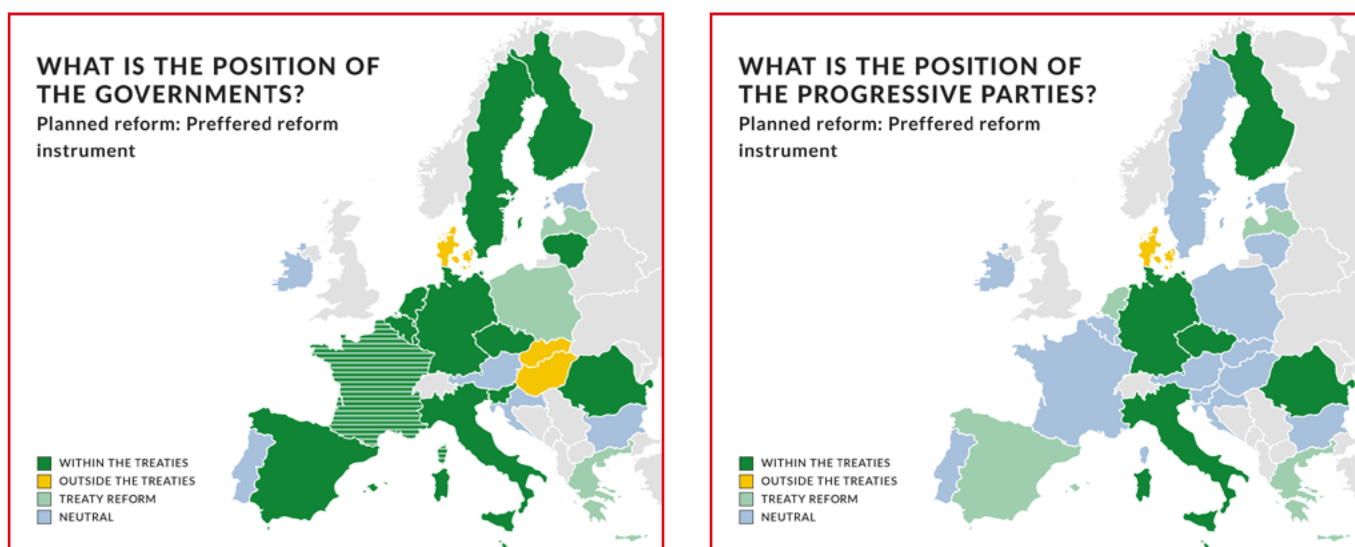
Slovakia is also worried about opening up the Treaties, but its government prefers to push European integration forward through instruments outside the Treaties. Denmark and Hungary support this position. However, the Hungarian government would also be open to a Treaty reform under the condition that no further competences are transferred to the European level.

Only Cyprus, Greece and Latvia would like to see significant reforms of the EU carried out through changes in the Treaties. Poland supports this position on the condition that national sovereignty is respected. However, among the progressive parties, Treaty reform is more popular. In Cyprus, Greece, Hungary, Latvia, the Netherlands and Spain, progressive parties support this position in opposition to their national governments. The Hungarian *Demokratikus Koalíció* justify its support for Treaty reforms with aspirations to further federalise the EU.

There is a wide majority supporting reforms through instruments within the Treaties. Considering the low decision-making costs, this might be the most suitable way of carrying out the necessary reforms of the EU without creating parallel institutions, something which is rejected by most actors at the European level. As supporters of this option are numerous and spread around all the country groups discussed in the introduction, it is quite likely that a considerable number of countries will come together to implement concrete reforms relying

¹⁶ The only exception is the Netherlands.

Figure 15: Preferred Reform Instrument



on the wide variety of instruments inside the Treaties, such as PESCO or enhanced cooperation. Considering the positions of the progressive parties, a change in political majorities in the member states could also have effects that are favourable to a Treaty reform.

13.4 CONCLUSION

This survey reveals broad approval for the concept of flexible integration. Five of the founding states, in particular, along with Spain are likely to become an avant-garde in this matter. However, in contrast to practices carried out during the euro zone crisis, a majority of member states wishes to use instruments within the Treaties for future projects of upward differentiation. Such an approach recognises the concerns with regard to flexible integration at the national and European level as enhanced cooperation allows non-participating countries to join initiatives at any time. As enhanced cooperation does not allow for a transfer of further competences to the European level, the instrument safeguards the interests of the member states concerned with their national sovereignty. However, in spite of all the advantages, such practices should remain an exception. Enhanced cooperation becoming a standard procedure is likely to endanger the coherence of the integration project and the accountability of EU institutions. The European Parliament is only asked for consent, but not involved in discussions on the details of an initiative.

14. CONCLUSION

The 27 country issues of the »RelaunchEU« project provide background information on the national governments' and progressive parties' positioning with regard to 12 concrete reform proposals as well as their motives and interests concerning the use of flexible integration

to advance European integration. In this context, this paper complements the country issues with a comparative analysis. Its objective was three-fold. First, despite providing an overview on the separate reform proposals, the comparative analysis also discusses potential coalitions to deepen European integration in the policy areas covered: social, economic and monetary, defence, and asylum and migration policy. Second, it identifies the introduction of a fiscal capacity for the euro zone as a potential progressive flagship project that is not supported by (conservative) governments but could expand the leeway for further reforms of the EMU. In addition, the following four flagship projects find broad support among governments and progressive parties in the EU-27:

- Upward convergence of national social security systems;
- Fighting tax fraud and tax evasion on a European level;
- Extending EU military planning capabilities;
- Extending the competences of the European Border and Coast Guard Agency.

Third, the comparative analysis found that five of the founding states (Belgium, France, Germany, Italy¹⁷ and Luxembourg) and Spain¹⁸ could become a, however shrinking, »inclusive avant-garde« supporting nearly all of the 12 reform proposals across the policy areas as well as the concept of flexible integration. However, they are not willing to form a European core and exclude hesitant member states. They would therefore be open to cooperate with other member states depending on their willingness to further integrate in specific policy areas.

¹⁷ The data for Italy were collected in September 2017. Due to the European policy of the new government, Italy is not part of the »inclusive avant-garde« any longer.

¹⁸ The data for Spain were collected in September 2017. They show that the now ruling progressive party is even more pro-European than the previously ruling conservative party.

14.1 FLAGSHIP PROJECTS IN FOUR POLICY AREAS

The findings on the reform projects related to the Social Union reveal a wide variety. There is a broad majority of the actors in the EU-27 member states in favour of an upward convergence of national social security schemes. As the general idea of initiating an EU-led process of upward convergence of national social security schemes is supported by a group of 16 member states (Cyprus, Czech Republic, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovenia, Spain and Sweden), this could become a flagship project in the area of social policy. There is support for this project from the North, the East and the South of Europe. Thus, it could overcome North-South and East-West divides that have manifested themselves in other policy areas. France, Germany and Sweden are forerunners having made concrete reform proposals for European minimum standards for social security schemes and they could make the project a success.

Scepticism prevails with respect to a European minimum wage policy. Many member states fear that the EU might interfere in collective bargaining systems if these plans come to fruition. Eastern European governments interpret the plans as yet another manoeuvre by the EU to inhibit the competitiveness of their economies.

The reform project to create a new balance between social rights and internal market freedoms is more of a niche topic. At the member state level this issue is most often discussed in terms of ensuring fair mobility. However, the picture is rather different if we focus solely on the position of the progressive parties: All three reform proposals are key demands voiced by a variety of different progressive parties.

While a North-South divide is evident with regard to reforming the EMU in general, there is a broad coalition of member state governments in favour of fighting tax fraud and tax evasion on a European level, which is a second reform project with support among proponents of both a fiscal union and a stability union. Despite reservations from some smaller member states there is a critical mass backing it. However, government positions depend on concrete measures in this area: e.g. the Common Consolidated Corporate Tax Base, an increase in transparency and the introduction of public country-by-country reporting for multinational enterprises and fighting VAT fraud all find widespread support. Approval for these reform proposals comes from Austria, Belgium, Bulgaria, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Italy, Latvia, Poland, Portugal, Romania, Slovakia, Slovenia and Sweden. Thus, this project would also bridge the North-South divide in the euro zone. Given the high salience of the topic to the public and regular disclosure of tax avoidance schemes, there is currently a window of opportunity for far-reaching reforms.

However, with regard to the debate on the mutualisation of public debt there are still multiple divisions between the member states. While the Southern European countries would like to re-establish a lender of last resort function for the monetary union, euro zone members from the North and non-euro zone members strongly reject this proposal, being wary of any mechanism that would

result in risk-sharing. Even in the progressive camp, scepticism towards European debt mutualisation plans prevails.

Prospects are more promising with respect to the third reform project with a focus on the EMU: The proposal of a fiscal capacity for the euro zone finds immense support amongst different progressive parties in the euro zone, while governments are clearly more uncertain (see below).

With regard to establishing a Defence Union, the study confirms that there is broad support in the EU-27 for stepping up cooperation in defence policy. The fact that just a few member states support the idea of an EU army under common European command is not a sign of opposition but has to be attributed to the vagueness of the concept. National governments differ considerably in how they define an EU army and under what conditions they would be willing to support the idea. The more concrete the reform proposal, the greater the willingness to advance European integration. Thus, 16 member states from both Eastern and Western Europe (Belgium, Cyprus, Czech Republic, Finland, France, Germany, Hungary, Ireland, Italy, Lithuania, Luxembourg, Portugal, Romania, Slovenia, Spain and Sweden) support the extension of EU military planning capabilities. Extending EU military planning capabilities by establishing EU headquarters for executive military missions and operations based on the existing Military Planning and Conduct Capability (MPCC) would contribute to a better allocation of resources and more efficient burden-sharing. However, it would not result in a transfer of competences. Overall control will remain under national direction. This flagship project would bridge the division between the East and West with regard to defence policy and policy towards Russia and would also include both the avant-garde group and member states with Eurosceptic governments.

The asylum and migration policy has lost momentum since the number of refugees coming to Europe is now considerably lower than in 2015. The significant opposition to an EU-wide quota system for the relocation of asylum seekers has also resulted in a deadlock in the reform of the CEAS. However, beyond the clear frontlines with regard to a pure quota system, there is broadest political agreement across the EU in support of the establishment of the EBCG and the extension of its competences. With Latvia being the only exception, a clear majority of 20 governments and 16 progressive parties in the EU are in favour of further integrating the control of the Schengen area's external borders and extending the EBCG's competences and resources in order to better manage and reduce migration from third countries. Therefore, extending the competences of the EBCG could become a flagship project to overcome the deadlock in asylum and migration policy and to pave the way for new negotiations between the two sides.

14.2 A PROGRESSIVE FLAGSHIP PROJECT FOR THE EURO ZONE

Our analysis shows that for some reform projects the dividing line does not run between Northern and Southern or between Eastern and Western member states but more

between progressive and conservative parties. This is particularly the case for the reform project that seeks to introduce a fiscal capacity for the euro zone. An overwhelming majority of progressive parties sees a clear need for some form of public risk-sharing to stabilise the euro zone. A fiscal capacity for the euro zone is considered to be an effective means of cushioning asymmetric shocks and contributing to socio-economic convergence in Europe. A project introducing a fiscal capacity might, therefore, become a progressive flagship project for the Social Democratic Parties and a means of delineating themselves clearly from conservative ideas to reform the EMU. At the same time, it could become an anchor in a broader progressive economic reform agenda emphasising public investment and demand-side economic policy as well as a shift away from the focus on austerity and budgetary discipline. However, even within the progressive camp, party leaders stress that any design of a future fiscal capacity needs to take serious concerns on fiscal autonomy, permanent transfers and moral hazard into account.

14.3 A SHRINKING »INCLUSIVE AVANT-GARDE«

During times of crises, many actors at the European level have demanded Franco-German leadership and urged the two biggest members of the EU to move forward. The findings of this study reveal that the opinions of both of these countries on the future of the EU provide a basis for Franco-German cooperation. Both countries are supportive of almost every reform proposal. The only exceptions are the mutualisation of public debt as well as the creation of an EU army, on which the two countries disagree. Considering that both countries are also in favour of flexible integration if every member state has the opportunity to join an initiative at any time, both could become forerunners in a wide range of policy areas. After disagreement during the multiple crises in the euro zone, the new governments in both countries and especially Emmanuel Macron's willingness to reform the EU provide a good opportunity to restart the Franco-German engine.

The other founding states are not much further behind in terms of political desire to push European integration forward. Italy and Luxembourg in particular support most of the reform proposals covered by this study. Belgium tends to reject a European coordination of national minimum wages as well as any attempts to increase democratic accountability in the euro zone. Nevertheless, it is open to other projects important to the other founding states, such as the pure quota system for the relocation of asylum seekers. Thus, Italy¹⁹ and Luxembourg are obvious candidates to join Germany and France in their

efforts to reform the EU, while Belgium joining a European avant-garde would mean dispensing with a few projects. However, the recent elections in Italy show that the long-term stability of this potential coalition is not guaranteed.

With regard to the Netherlands the situation is more complex. The Dutch government does not share the supportive opinions of the other five founding states with regard to the Social Union and the EMU. However, concerning reform proposals on asylum and migration, as well as democratic accountability, the Netherlands are in agreement with them. A joint initiative of the whole group including the Netherlands is therefore possible in some matters, such as a pure quota system for the relocation of asylum seekers or extending the competences of the EBCG. However, another option would be for Spain to join the avant-garde group of Belgium, France, Germany, Italy and Luxembourg and replace the more reluctant Netherlands. Spain supports most of the proposals covered by this study and shares the opinions of the other five states on a variety of proposals. Furthermore, the Spanish government is in favour of flexible integration, which it sees as a way of overcoming political gridlocks. The Spanish progressive party which came to power after the data collection was completed is even more pro-European than the previously ruling conservative party.

Regarding the Visegrád states, the results of the study confirm the tone of the discussion at the European level. On most of the reform proposals the members of the group position themselves against the reform willingness of the »inclusive avant-garde«, including Spain. They are a clear veto player with regard to a pure quota system for the relocation of asylum seekers. This also holds true for reforms aiming to further strengthen the Social Union as well as the EMU. As most of the Visegrád states are not members of the euro zone, they fear such reforms would leave them behind.

To avoid opposition blocks within the EU, it is of crucial importance that the avant-garde takes an inclusive approach to reforming the Union. While the avant-garde jointly advances European integration in all policy areas covered by this study, other member states should be welcomed to participate on a case-by-case basis. Furthermore, the five proposed flagship projects could build bridges across the dividing lines between the EU member states. Flexible integration becomes the key to maintaining the stability of the integration project and is an essential condition for progress to be made in the near future. However, it implies increasing complexity and division in the EU. In the long run, this complexity might become a threat to the EU's legitimacy in itself, as EU citizens struggle to understand decision-making in a further differentiated Europe. However, an integrative European avant-garde might currently be the best approach to coping with the challenge of Eurosceptics as it allows us to deliver to EU citizens in the short-term without the risk of permanent divisions within Europe.

¹⁹ Italy left the potential inclusive avant-garde after the last elections.

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Annex 1: Overview of Items

Social Union

1. *Upward Convergence of National Social Security Schemes* to provide Europe-wide protection against social risks and to ensure a decent standard of living for EU citizens.
 2. *European Coordination of National Minimum Wages* to ensure a decent income within the EU to prevent in-work poverty, to promote social convergence and to avoid social dumping across the EU.
 3. *New Balance of Social Rights and Internal Market Freedoms* to compensate the current precedence of internal market freedoms over national social rights.
-

European Economic and Monetary Union

4. *Fighting Tax Fraud and Tax Evasion on a European Level* for a fair allocation of tax burdens among natural and judicial persons.
 5. *Fiscal Capacity for the Euro Zone* to provide stabilisation against economic shocks through public expenditure in the euro zone.
 6. *Mutualisation of Public Debts* to tackle the problem of a sharp increase in public debts in some member states as a result of the euro zone crisis.
-

European Defence Union

7. *Extending EU Military Planning Capabilities* also for executive military missions and operations.
 8. *EU Army* establishing a permanent multinational military force under European command.
-

Asylum and Migration

9. *Pure Quota System for the Relocation of Asylum Seekers* which would replace the Dublin system.
 10. *More Competences for the European Border and Coast Guard Agency (EBCG)* expanding the current EBCG tasks in terms of »shared responsibility« between the EBCG and national authorities.
-

Polity

11. *Increase Democratic Accountability of the Economic Governance of the Euro Zone* to make its institutions more responsive to EU citizens.
 12. *European Citizens' Initiative (ECI)*: revision of the ECI regulation to make the instrument more citizen-friendly and effective in order to strengthen the participative democracy in the EU.
-

White Paper Process

13. *The White Paper on the Future of Europe* by the European Commission presents five possible scenarios for the future course of European integration.
14. *Flexible Integration*: limiting the application of certain rules to certain EU member states.
15. *Preferred Reform Instrument*: Treaty reform, reforms inside or outside the Treaties.

Annex 2: Overview of Progressive Parties Included in the Study

| Member States | Progressive Parties |
|-----------------|---|
| Austria | Sozialdemokratische Partei Österreichs |
| Belgium | Parti Socialiste Socialistische Partij Anders |
| Bulgaria | Bălgarska Socialističeska Partija (Българска социалистическа партия) |
| Croatia | Socijaldemokratska partija Hrvatske |
| Cyprus | Dimokratiko Komma Kinima Sosialdimokraton |
| Czech Republic | Česká strana sociálně demokratická |
| Denmark | Socialdemokratiet |
| Germany | Sozialdemokratische Partei Deutschlands |
| Estonia | Sotsiaaldemokraatlik Erakond |
| Finland | Suomen Sosialidemokraattinen puolue |
| France | Parti Socialiste Parti Radical de Gauche |
| Greece | Panellinio Sosialistiko Kinima |
| Hungary | Magyar Szocialista Párt Demokratikus Koalíció |
| Ireland | Páirtí an Lucht Oibre (Irish Labour Party) |
| Italy | Partito Democratico |
| Latvia | Sociāldemokrātiskā partija »Saskaņa« |
| Lithuania | Lietuvos socialdemokratų partija |
| Luxembourg | Lëtzebuurger Sozialistesche Arbechterpartei |
| Malta | Partit Laburista (Malta Labour Party) |
| The Netherlands | Partij van de Arbeid |
| Poland | Sojusz Lewicy Demokratycznej Unia Pracy |
| Portugal | Partido Socialista |
| Romania | Partidul Social Democrat |
| Slovakia | SMER – sociálna demokracia |
| Slovenia | Socialni demokrati |
| Spain | Partido Socialista Obrero Español |
| Sweden | Sveriges Socialdemokratiska Arbetareparti |

Parties that are members of the Party of European Socialists or the Group of the Progressive Alliance of Socialists & Democrats in the European Parliament, which received a minimum share of five percent of the votes in the previous European or national elections. If a party fulfills this criterion, but is not a relevant actor in the national public debate anymore, it was deleted from the sample based on the judgement of the projects' country expert.

Imprint

© 2018

Friedrich-Ebert-Stiftung

Publisher: International Policy Analysis,
Hiroshimastraße 28, 10785 Berlin, Germany
www.fes.de/ipa
Orders/Contact: info.ipa@fes.de

Study conducted by:
Institut für Europäische Politik
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ISBN: 978-3-96250-110-5

Front cover image: [AboutLife/shutterstock.com](https://www.shutterstock.com)
Design concept: www.stetzer.net
Realisation/Typesetting: pertext, Berlin
Print: www.druckerei-brandt.de

August 2018

