

## (Re-)Building Coalitions: The Role and Potential of Member States in Shaping the Future of the EU

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# DGAPanalyse

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## (Re-)Building Coalitions

The Role and Potential of Member States  
in Shaping the Future of the EU

Edited by Josef Janning and Almut Möller



Deutsche Gesellschaft  
für Auswärtige Politik e.V.

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## Summary

# (Re-)Building Coalitions

## The Role and Potential of Member States in Shaping the Future of the EU

Edited by Josef Janning and Almut Möller

With contributions by Tuomas Iso-Markku, Josef Janning, Juha Jokela, Katherine Meenan, Stefano Milia, Almut Möller, Roderick Parkes, Yann-Sven Rittelmeyer, Guido Tiemann, and Paweł Tokarski.

Reforming the EU is hardly possible without coalitions of “builders” – member states willing and able to engage in sustainable coalition building at EU level. Since 2008, the EU and its members have found themselves in the middle of yet another formative phase. Will member states eventually succeed in shaping a Union able to guarantee the prosperity, security, and freedom of its citizens? This publication explores new patterns of member state interaction that emerged during recent crises and proposes ideas for strengthening coalition building at the EU level to encourage a sustained effort for EU reform by policymakers across Europe.

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# (Re-)Building Coalitions

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### Introduction

In European Union governance, interaction of member states is crucial. Consensus and compromise is often driven by coalitions of engaged and/or ambitious member states seeking to enhance the EU's response to internal and external challenges, to adapt its institutions, and to shape the policy process. Adapting and reforming the EU would hardly be possible without a coalition of "builders."

The EU and its members find themselves in the middle of yet another formative phase. What kind of reforms do member states need to keep afloat in the twenty-first century? How important is the EU level in this reform process? And, finally, how can economic and social reforms be organized jointly at that level? Coalition building in this regard is perhaps more needed than ever. But does it still work, and, more importantly, how does it work in today's European Union?

Certainly, coalition building seems to be more complicated today than it was in the past. EU membership has greatly enlarged, and the rules of the Lisbon Treaty have been in place since 2009. European capitals, moreover, introduced substantial changes into their policy agendas in response to the banking crisis that started to unfold in 2008. These factors have contributed to weakening traditional

patterns of member state interaction, increasing heterogeneity, and putting mutual trust to the test. In the course of the crisis, domestic constituencies have been brought in, and the EU's institutions have become more politicized. In short, governments are still adapting to this new environment for EU policymaking.

Strengthening EU politics and institutions requires a critical mass of political will, which in turn requires a conscious and sustained effort by policymakers across Europe. At the same time, trust even among longstanding partners such as France and Germany seems to be at a low. So, will member states succeed in building coalitions to shape a Union able to respond to the current and future demands of its citizens?

The Alfred von Oppenheim Center for European Policy Studies at the German Council on Foreign Relations (DGAP) and the Berlin Office of the European Council on Foreign Relations (ECFR) brought together a group of policy planners and colleagues from think tanks in Europe in June 2014 to discuss this. The aims of the seminar were to reflect on the present situation, to gain a better understanding of the role, nature, and relevance of member state interaction at this formative time for European integration, and to discuss strategic approaches to coalition building.

We asked workshop participants to consider the following questions:

1. Are there currently active coalitions of member states in the EU (in the sense of continuous cooperation centered on sustained shared preferences rather than temporary, single policy issues)? If so, which member states are cooperating in this way, and why and to what end do they form coalitions?
2. In past stages of the integration process, member states could generally be characterized as either integration drivers/builders, as veto actors, or as bystanders. Do these categories still apply? Do other labels make more sense?
3. What are your country's main motives for engaging in coalition building? With whom? Which member state would have to be part of a coalition with your country, and which members should not be included?
4. How do you assess the role of Germany in coalition building?
5. In terms of approach to the EU and general preferences, where do you see the main fault lines within the EU-28?
6. From the perspective of domestic politics, to what extent do the results of the May 2014 European elections impact the ability and willingness of individual governments to engage in and to commit to coalition building?

The eight essays in this compilation were submitted after the workshop and reflect the views of our European colleagues on these and other questions as of August 2014. The authors looked at coalition building from various angles: *Josef Janning* and

*Yann-Sven Rittelmeyer* approach coalition building through history and integration theory, comparing past practices with the present situation. *Stefano Milia* and *Paweł Tokarski* focus on analyzing how EU dynamics have changed in the course of the ongoing economic crisis. Most of the papers include analysis of particular member states or groups of member states: the “Big-3” of France, the United Kingdom, and Germany (*Roderick Parkes*); France and Italy with regard to future eurozone governance (*Paweł Tokarski*); France and Germany (*Yann-Sven Rittelmeyer*); Ireland and the UK (*Katherine Meenan*); Italy (*Stefano Milia*); and Finland and the Nordic countries (*Tuomas Iso-Markku* and *Juha Jokela*). Colleagues also emphasized the new dynamics in member state interaction within the post-Lisbon Treaty European Parliament, in particular *Guido Tiemann*, who sheds light on how member states interact in both of the EU's legislative bodies. In the last chapter, *Almut Möller* reviews the main findings of the compilation and maps out current trends in member state interaction.

Discussions during the workshop clearly widened our understanding of the inner logic, drivers, and aims of coalition building in today's EU. As the Union moves forward with the new political cycle that began in autumn 2014 with a fresh European Commission and European Parliament, we hope that this compilation will also be useful for policymakers in EU capitals.

We warmly thank our colleagues for sharing their incisive analyses. Our thanks, too, to Julian Rappold for his logistical and editorial support, Sabine Wolf and Miranda Robbins for their diligent copyediting, and the Stiftung Mercator for generously supporting the workshop and this publication.

*Josef Janning and Almut Möller*  
Berlin, October 2014

## Building Coalitions within the European Union

Josef Janning

Member states matter greatly in European policy-making. In their bodies – the European Council and the Council of Ministers – member state governments define strategic priorities, launch initiatives, and shape the institutional setting of the EU; they act as co-legislature, and not least (though almost invisibly), they guide the European Commission's work through the many consultative processes of comitology.

Because of this, what matters even more than the member states themselves is the interaction of member states within and beyond the EU institutions: the patterns of cooperation, ad-hoc, or sectorial coalitions vis-à-vis longer-term coalitions across policy areas (groupings such as the Nordic states, the Visegrad Group, and the Weimar Triangle, and high-impact partnerships such as the Franco-German cooperation). Motives for building coalitions differ, from leadership ambitions to shared interests and policy preferences, from geographic proximity to personal ties between leaders, from sympathetic political cultures to compatible bureaucracies.

From its beginnings, European integration has been shaped by coalition structures. At the core of the original European Economic Community stood the Franco-German entente, which also reinforced an obvious but otherwise unlikely coalition of three smaller member states: Belgium, Luxembourg, and the Netherlands. This became evident when, with the first Northern enlargement, Dutch European policies won two more very like-minded member states: the UK and Denmark. Successive enlargements further diffused the original setting; Europe saw the rise of a “founding members coalition,” which became essential for institutional reform in the 1980s and started to disintegrate toward the end of the century. Other coalitions such as the Franco-German tandem have remained in place, but their impact was challenged once the EU expanded beyond 15 members in the early 2000s.

It seems that as a consequence of the multiplication of EU members from 15 to 25 members in less than a decade, and the expansion by three more members by 2014, the role of coalitions has given way to more ad-hoc interaction alongside a more national approach among member state governments. The resulting fragmentation appears to have strengthened the trend toward case-by-case blocking coalitions and increased veto-action by large member states. On the flipside of this trend, predictability, continuity, and commitment to the “Community approach” have been lost.

In the current EU-28, three major developments shape member state interaction:

### 1. The Lisbon Effect

When the Lisbon Treaty upgraded the European Council of heads of state and government to a formal EU institution, the enhanced role of member states became clear. Since then – further driven by the ongoing debt crisis – the European Council has taken on an ever more active role, extending well beyond the tasks of overall guidance and longer-term strategy. De facto, the chiefs of governments have developed a practice of initiative; on major policy issues such as Economic and Monetary Union (EMU), this initiative matches the power of initiative held by the European Commission. At the same time, the European Council's deliberations have become more complicated. The chiefs feel stronger domestic pressure to deliver, and their room for manoeuvre is constrained by their role in national politics as well as by the high level of media attention directed at the European Council, which overshadows coverage of the other EU institutions.

An equally profound change has occurred through treaty reform regarding the role of the European Parliament and the political party formations on the European level, the *Spitzenkandidaten* revolution being its most obvious



expression. Divisions and alliances among national parties within these formations as well as patterns of cooperation within and among factions in the EP now form a new layer of coalition building in the EU.

## 2. Unprecedented Diversity

At no time in the history of the EU have member states been more heterogeneous in their economic strength, political culture, level of social security, or quality of governance. This makes for a much wider range of interests and preferences regarding the EU's policies and institutions. Quite a few member states – such as the UK, Hungary, Poland, and Italy – also seem to be seeking a new role for themselves and repositioning their political place within the Union. Consensus about the long-term trajectory of the integration process has probably never been lower than it is today. Political volatility has grown significantly in many member states; party structures have been transformed not only in Central and Eastern European countries but also in many of the “old” member states as well. Political stability and continuity of governments is lower in today's Europe, which makes longer-term coalition building more complicated insofar as they are aided by personal relationships and shared values.

## 3. Broken Traditions

In the current political habitat of the EU, traditional structures of steady cooperation among member states have withered away. The Franco-German couple is relatively less significant, which in turn has reduced the scope and depth of that bilateral relationship. While formal interaction between the two countries remains quite dense, the substantive output for Europe has decreased – even though the debt crisis has brought the rationale of the relationship back to the surface. Over the years, France and Germany have differed on many policy issues. They stood for different approaches to economic, fiscal and social policy, and their differences represented a crucial fault line – but they were nonetheless determined to bridge these gaps and

thus to prescribe a wider compromise among member states. This division still exists within the eurozone, but it is here that the couple's reduced impact has become most obvious in recent years.

Longstanding consensus groups such as the founding members no longer shape the EU. This has to do with several factors. The wider range of member states now make other options possible; Belgium is preoccupied domestically with preventing the country's disintegration; Italy is just emerging from the Berlusconi years; and a number of other larger member states (such as Spain and, more recently, Poland) are positioning themselves at the center of EU bargaining.

Alongside this, influential issue groups – such as the “free traders,” the farm and fish lobby, the environment and consumer protection group, and the group of progressive welfare states – have mostly disappeared or lost in relevance. In general, empirical data shows the relevant impact these groupings still possess is to mobilize against change. As the EU summit of Nice in 2000 demonstrated, the focus on qualified majority voting (QMV) reform has been turned upside down. The original concern – preserving attainable majority coalitions – was replaced by a concern with securing blocking minority positions or veto coalitions. This continues to shape the views of governments to this day.

Taken together, these structural changes contribute to a general preference among governments to pursue a European policy based on self-interest and focused on particular issues. Package deals as one pattern of coalition building have receded. The interest among member states in preserving or nourishing a particular milieu of interaction has declined. Compared to reform debates of the 1990s, a climate change has occurred in European integration.

The political dynamic of coalitions has always been influenced by the roles and political strategies of large member states – the UK, France, and Germany in particular. Berlin's approach has been of special relevance in this regard. After all, West Germany had been a principal architect of coalitions

and, among the large member states, the one most active in seeking to align other members on both policy and institutional issues. As this approach was partly intended to compensate for West Germany's junior role in the Franco-German couple, it only receded with German unification in 1990 and reunification's implications for domestic policy. Subsequently, German leadership in coalition building further diminished as a consequence of Germany's pivotal role in the eurozone, in debt crisis management, and Berlin's approach of "leading by denial." Seeking consensus – or followers – on key issues still played a significant role, but the processes by which this was achieved now appeared to follow the law of gravity rather than the time-honored rules of forging compromise.

The fate of coalition building within the EU could perhaps be left to academics if the view that prevailed today among member states were that integration is now largely complete, that its inherent dynamics are reliably strong, and that member state interests are best served by maintaining the status quo. But integration is widely seen as needing readjustment and reform, deepening and widening, and the status quo is seen either as not delivering

enough output or delivering too much of it. In short, coalitions still matter strategically.

The current state of the Union suggests the latter. Therefore, whenever the EU's capacity to act turns out to be insufficient – be it for lack of legitimacy or competence, for institutional inefficiency or because of deadlock over crucial decisions – the key questions of coalition building return: How to get things done? How to build critical mass to eventually secure a qualified majority or to lay the groundwork for consensus? Which members are ready to engage as builders, which ones stand by and will need to be won over, and if so, through which concessions? Who will be veto players, and what is their potential for joining coalitions?

In response to such questions, the patterns of interests, goals, domestic politics, bureaucratic cultures, and not least of chemistry among leaders, governments and political parties will shape European policy. The choice between ad-hoc arrangements and more reliable informal or formal coalitions therefore remains a strategic issue in European affairs.



## A Usual Business Fostered by Crises

Yann-Sven Rittelmeyer

It is common that when deep changes occur in the European Union, member states return to center stage. This usually happens when EU treaties are renegotiated. Indeed, the last time coalitions within the EU were subject to intense debate and scholarly attention was ten years ago, when the Convention on the future of Europe was conducting its work and the EU was about to enlarge toward Central and Eastern Europe.<sup>1</sup> This debate was also related to the United Kingdom's participation in several trilateral meetings with France and Germany – meetings that raised fears in other member states about a directorate of the “Big-3.”

Observations focusing on grand bargains and emphasizing the role of member states do echo the Moravcsikian way of thinking: national preferences are formed as the first step of the decision-making process, after which intergovernmental negotiations can take place. For these negotiations, coalitions are an essential instrument, determining in large parts the subsequent institutional choices and rational procedures.

The last years have shown that member states tend to take back the reins of power, particularly when deep crises require fundamental changes to the Union to protect the future of the European project as such. What, then, has been the impact of crises on coalition building between member states in the past, and how can it be assessed today?

### Member States and EU Crises

The European system has often encountered difficulties in reacting to emergencies. This has been observed especially on security and defense issues where the alleged “soft power” of the EU meant that its crisis management was seen as weak and ineffective, and the institutional innovations introduced by the Lisbon Treaty may not have been able to improve the situation considerably.<sup>2</sup> The EU's responses to the financial and sovereign debt crises that arose during the last years have also proved to be generally too slow and insufficient.<sup>3</sup> In such cases, national lead-

ers usually take the driver's seat and negotiate with each other in order to reach a consensus as quickly as possible. Subsequently they turn to the European Commission and the European Parliament, which up till this point have found themselves in the back seat. The European Commission has often played a primary role in driving forward the integration process, but in these cases, it is merely a partner, or even an assistant.

The role of member states as one of the pillars and source of legitimacy of the EU has never been fundamentally questioned. However, national governments tend to be more discrete in asserting themselves in “calm periods” of less strategic relevance. During such times, the EU business is primarily conducted by other EU institutions, while the heads of state or government in the European Council stay only at the margins of the decision-making process or merely supervise it. Spillover effects and functionalist readings of European integration have contributed to hiding this reality. However, the heads of state or government gathered in the European Council have the ability to quickly return to a position of influence not only in the Council of the European Union – often considered as the “lower level” of the European Council, despite the numerous differences in form and role between these two institutions – but also in the whole EU decision-making triangle.

Since 2008–09, the beginning of the economic and financial crises that quickly led to social, political, and confidence crises, the European Council has once again concentrated much of the decision making.

There has been a steady increase in majority voting in the EU over time. With this, coalitions have become more and more important, directly affecting member states' interaction within the European Council. The Lisbon Treaty lists a number of cases in which the European Council can decide upon the majority or qualified majority rule. Nevertheless, the main rule for the European Council is still to decide by consensus, and this strong practice has until now not been undermined by the legal

prescriptions. The European Council has so far only twice taken a formal vote: in 1985, when the Italian Council presidency decided to convoke an intergovernmental conference to kick off the first fundamental overhaul of the founding treaties, and in 1987 on the so-called “Delors 1 Package.” Since then, the call for a formal vote has mostly been used as a threat, for example during Germany’s Council presidency in June 2007 to counter the then Polish leadership and help the Lisbon Treaty see the light of the day, or most recently, in the decision to nominate Jean-Claude Juncker as the next president of the European Commission. The possibility of resorting to a vote and then gathering a sufficient majority in favor of his candidacy played an important role in tempering the initial opposition of British Prime Minister David Cameron. In such power games where votes usually do not take place but can be used as a last resort, the art of coalition building is essential.

This is especially true because coalitions between EU member states are not classical interstate coalitions; they are deeply impacted by the institutional setting into which Union members are embedded. Defining the Member State as a “distinctive kind of state where national power is exercised in concert with others” implies recognizing the nearly automatic nature of coalition building within the EU.<sup>4</sup> In this sense, building coalitions consists of countries privileging some partners over others in order to exercise national power and defend their national interests. The environment in which coalition building takes place is both about ritual and reconstruction. Due to the long history of the integration process and to progressive enlargements, relations between EU member states have a two-fold nature. On the one hand they are well established and well structured; on the other, they are subject to continual adaptation.

### Between Institutionalized and Ad hoc Coalitions

In organizations as institutionalized as the EU, coalitions are often perceived as structured groups. Structures may help to reinforce coalitions and to avoid fluctuations caused by changes of personnel – and personalities. However, coalitions remain by

definition temporary alliances that are negotiated among their participants. In fact, in the EU, both forms coexist.

There are coalition groupings that even existed before the EU, such as the Benelux countries or the Nordic Council. France and Germany have set an example of a highly institutionalized coalition. Over the years, other less entangled coalitions like the Visegrad Group or the Weimar Triangle (both launched in 1991) have been built, following a similar logic of coordinating positions ahead of EU negotiations. The Weimar Triangle can be considered an evolution of the Franco-German tandem, which occasionally welcomes Poland – deemed a new strategic partner in the aftermath of the fall of the Soviet Union– to join their discussions. In the Visegrad Group, however, Poland plays a leading rather than a secondary role. The Visegrad Group’s main objective was to pursue the “full involvement [of its members] in the European political and economic system, as well as the system of security and legislation.”<sup>5</sup> When these states finally joined the EU in 2004, they adapted the nature of their cooperation, asserting their determination “to jointly contribut[e] to the fulfillment of the European Union’s common goals and objectives and to the successful continuation of the European integration.”<sup>6</sup> The underlying idea is to coordinate closely in order to defend specific common regional interests but also to increase their power as individual states within the EU.

France and Germany’s coalition relies on a number of core elements. First and foremost among these is their turbulent common history, followed by their status as founding EU members, their geography, and their respective economic and political power. The strength of this coalition stems from its subtle mix of cooperation and tension, or better said, from the ability of successive French and German governments to overcome their differences in order to cooperate in a way that allows other EU members to follow Franco-German positions. Personal chemistry matters even within a format as well organized as Franco-German cooperation. The most effective times of cooperation have been associated to pairs of leaders who were able to develop a particularly good relationship. At

the same time, however, the coalition is institutionalized enough to be able to function in times of diverging political orientation and policy preferences as well. Lately, however, the pair's effectiveness has been affected by opposing economical responses to the crisis.

During the French 2012 presidential campaign, the frequent references to Germany – especially the question of whether to criticize it or to hail it as an example – underlined the fact that the relationship had been normalized. Although the coalition's solid base, deeply rooted in its special history, prevents a long-term disruption of its work, it is hampered by growing politicization (which peaked with Angela Merkel's political support of Nicolas Sarkozy in the 2012 elections and François Hollande's presence as guest of honor at the SPD Congress in November 2011). This development could lead to a two-speed Franco-German coalition: when political views happen to diverge, the relationship still manages to function in a lower gear, thanks to the various institutional mechanisms that are in place; when positions of leaders come closer to each other, relations shift into a higher gear. After the 2013 German general elections, the French socialist leadership welcomed the SPD's inclusion in the governing coalition, and SPD ministers are often considered allies in bending the positions of Chancellor Merkel's party on economic and financial matters.

Coalitions between member states are therefore also power games in which several means may be used to bring the partner in the desired direction. In an EU of 28 member states, the preferences of each country are logically much more diverse than they were in the original community, which was almost five times smaller. Nevertheless, as demonstrated by quantitative studies<sup>7</sup> analyzing member states attitudes in Council voting, the arrival of ten newcomers in 2004 did not lead to important difficulties and the slowdown of the decision-making process. This can be explained by several factors: the development of efficient working groups, informal conciliation circles, and new or improved process. In addition, the evolution of rules with the successive adoption of new treaties since the European Single Act continuously decreased the number of decisions that needed to be made unanimously

and increased the amount of majority, or qualified majority, voting. Such a system is an incentive for member states to engage in coalition building, and, accordingly, member states have enhanced their coalition practices both in formal and ad hoc ways. Institutionalized structured coalitions have grown both in numbers and density of cooperation, and ad hoc coalitions seem to be used more intensively. The numerous talks or restricted meetings preceding European summits are an obvious example of this. Similarly, the regular European party meetings permanently offer an opportunity to establish coalitions based on political affinities.

Ad hoc coalitions, then, remain very much dependent on events and are thus volatile by nature. Here, not only the respective domestic context matters but the EU context does too. For example, the 2014 European elections affected the coalition building capacities of member states to the extent that they partially changed the respective power of the member states in the EU context. Their concrete power in the European Parliament (EP) is linked to the number of representatives but also to their personal experience and influence, to their numbers in the main political groups, and to their ability to obtain certain positions. As a consequence, each member state's real power in the EP varies with the results. The recent rise of Euroskeptic MEPs deeply affected the influence of some member states in the EP due its strong tendency to adopt texts through an agreement between its two main political groups. With the number reached for the new legislature, such "grand coalition" agreements may even become a rule. France is certainly the country most badly hit by this situation; almost one third of its representatives come from the far-right Front National (which, however, did not manage to form its own political group). Consequently, its representation in the two main parliamentary groups – the European People's Party and the Socialists & Democrats – is very low.

Simultaneously, the May 2014 election results also affected how the power of a national leader is perceived domestically and elsewhere in the Union. Elections, both national and European, are thus cyclical elements that shape the coalition poten-

tial of member states. By finishing third with less than 14 percent of the votes, the Socialist party of President Hollande suffered a heavy defeat that reduced his influence domestically but also at EU level. Conversely, in Italy, Matteo Renzi, who took office a few months before the European elections, suddenly appeared to many as a useful ally since he won the largest contingent of seats in the Socialists & Democrats group in the EP. In Germany, the election results supported the coalition that had been in place since December 2013 and reinforced Germany's first-rank position in the EU.

### Germany's Special Role in the Coalition System – with France's Support

Germany today is probably in one of the most difficult positions it has been in since the early days of the European project. For the moment, there is such a gap between Germany's power and the respective power of its EU partners (given their internal weaknesses and Germany's healthy economy) that it seems hard to conceive any coalition without Germany that could wield real influence in the EU. This unbalanced situation automatically affects the idealistic principle of equality between member states on which the Union is built.<sup>8</sup> The government in Berlin should evaluate its options in coalition building now in order not to become a burden rather than a blessing to coalition building.

For the time being, perhaps Germany should either be part of all coalitions or avoid engaging explicitly in any. Serving actively as an honest broker – a role that fits well with the way the country has seen itself in the past – could be preferable. This would imply that Germany endorses a role similar to the one of the rotating presidency of the Council of Ministers before the Lisbon Treaty came into force – at least as long as the crises prevail and the situation remains as imbalanced as it does today. This means primarily serving as a neutral mediator ensuring the good functioning and efficiency of the Union and the progress of political integration. But such a role also allows Germany to influence some decisions according to its own preferences. The balancing act is to keep just enough prestige to exercise such a responsibility.

There is, however, an obvious tension between this stance and Germany's more recent, interest-driven *Europapolitik*. But at a time where coalitions are often “defensive” coalitions, aiming at stopping the integration process or even reversing it, and where builders of integration have become an endangered species, this role of a driver and facilitator is more than required. Furthermore, if the situation continues to deteriorate, Germany might face the dilemma of defending either its own preferences or defending the EU, which is of course also one of its top priorities and very much in its interest. Its relationship with France might be very useful in this regard, as Paris could help legitimize this role and provide the backing of some other member states.

Germany could also contribute to fostering a necessary proper articulation between institutionalized and ad hoc coalitions by acting as a bridge between both. This is of strategic interest for both individual member states and for a good functioning of the EU decision-making system as such. Institutionalized coalitions are often seen as a basis on which broader ad hoc coalitions can be built. But ad hoc coalitions are equally helpful in stimulating institutionalized coalitions by creating tension between the states in an established structured coalition and thus forcing them afterward to narrow their respective positions. In playing such a bridging role, Germany would still be able to defend its own interests but could do so less explicitly than its partners.

This looks like a complex task for a state looking for the right balance and position between its history and the will to act and be treated as a “normal” EU State, between its power and its will to respect the positions of other member states, and between requests by others to assume a more active role and the temptation to hold back and avoid criticism. However, in order to save the clout of the Franco-German couple well beyond the crises years, such a choice would surely pay off for Germany in the longer term.

## The European Union in Search of New Energy

Stefano Milia

Whatever the many different interpretations that can be given to the results of the May 2014 European elections, one can confidently say that these were difficult elections. They will have serious political repercussions in both member states and at European level, where they are likely to enhance even further the role of the European Council at the center of the European drive.

Overall, member state interaction has become more difficult. Growing tensions and differences of opinion between member states affected in different ways by the economic crisis have led to a situation in which both the European Council and the Council of Ministers find it increasingly difficult to act. Both these intergovernmental institutions face an even stronger than usual risk of accepting low-level compromises. This opens up opportunities for stronger responsibilities of other EU institutions, in particular the European Parliament, which has started to take on this role.

At the same time, at least two of the major players in this current intergovernmentalist mode of action – France and the United Kingdom – see their leadership ability severely weakened. So do a host of other governments, as they become more and more concerned with addressing their fragile national balances rather than launching bold initiatives on the future of Europe. With French and English leadership called into question, the ability of both countries to build coalitions within the wider EU has been affected. There is no doubt that this will impact coalition dynamics among member states.

In order to balance the growing clout of member states in the European Council, it seemed appropriate to anchor the appointment of the new president of the Commission to the will of the voters in the May 2014 European elections. This is notwithstanding all the limitations and contradictions that can be found in the new Spitzenkandidaten method. However, the election results and the de facto political weight the procedure created<sup>9</sup> for the

Commission president suggest that the role of the European Commission was further limited rather than strengthened, while the influence of the European Parliament will continue to grow.

### European Party Politics

This new approach to bringing a new Commission president into office has a further and very likely consequence: in determining such choices in the future, it will be increasingly necessary to weigh the positions and the internal and external alliances of the various European political families on future legislative and constitutional matters. This is particularly relevant for the three groups that committed to supporting the new Commission's work in the aftermath of the elections: the European People's Party (EPP), the Progressive Alliance of Socialists & Democrats (PES), and the Alliance of Liberals and Democrats for Europe (ALDE). To give the new Commission continuous and adequate support, it will be necessary to work toward developing more robust aggregations of parties than in the past. This also means that the three groups will have to avoid as much as possible the determination of voting by national allegiances rather than political affiliations.

Although the May 2014 elections reconfirmed the majority of the traditional parties in the Eighth European Parliament, the return of those parties to the EP feels more like a non-defeat than a victory. Certainly, there is no clear mandate for their programs concerning future European policies. Electoral support for Euroskeptics in the EP more than doubled. Despite this, Euroskeptical forces will not be able to greatly affect individual legislative decisions – partly because they are divided among themselves. However their stronger presence will oblige pro-European parties to seek greater unity and determination in their action.

As perhaps never before, this situation brings to the fore one of the most important truths already contained in the Ventotene Manifesto of 1941.<sup>10</sup>



This document recognized at an early stage that the future dividing line between progressive and conservative views would run more and more between those who respectively want more democracy, freedom, or socialism within nation-states and those who instead commit to building a supranational state to achieve these ideals.

### Member States Learning to Play the European Parliament

The result of the European elections, when analyzed through the “parliamentary” lens above, gives particular responsibilities in shaping the future of the EU to two governments whose parties both performed well in the 2014 elections: Germany and Italy. In recent years Germany has in fact already exercised this role and has a decisive influence on the behavior of the EPP. Italy’s new prominence is somewhat unexpected, but the current government of Prime Minister Matteo Renzi, whose party obtained the majority of PES seats in the EP, was certainly strengthened by the European election.

It would of course be naive to believe that Italy can simply step into the traditional Franco-German axis and shape the fundamental choices to be made in the Union in coming years. But we must bear in mind that, in the short term, France may find it difficult to devote itself to major European political issues. For the majority of its citizens – through their vote or through their choice not to vote – clearly expressed a desire for fundamental changes in the way the EU is currently governed.

### Coalitions Must Deliver

Even if European policies for the next five years will still mainly be judged with respect to the Union’s ability or inability to exit the financial and economic crisis (output legitimacy), an increasing number of signs undoubtedly indicate the need to improve the democratic system itself (input legitimacy). In this respect, the path indicated by the so-called Four Presidents’ Report in June and December 2012<sup>11</sup> and the full realization of the four unions – banking, fiscal, economic, and political – will decisively influence future European decision-making capacity.

In the future, any coalition that takes the lead within the EU will thus need to be judged in relation to the will and the commitment of its component countries to actually make progress on that path. Having said that, it is likely that within the wider Union, some states will continue to be less committed than others to reform, and that on important policy areas such as energy, defense and even immigration, parallel dynamics with very different alliances may develop.<sup>12</sup>

If the overall direction is set with the Four Presidents’ Report, the contentious issue nonetheless remains: how to implement it. For example, and even more so after the European elections, agreement between France and Italy<sup>13</sup> (with the support of other countries, particularly those of the Mediterranean) who are in favor of greater attention to tools that help trigger employment and growth seems to be continuously developing. On this matter large differences in approach remain between these countries and Germany (and a number of other countries, mainly in the north, who also see budget discipline as the main remedy), but dialogue now seems to be more open, especially when it comes to creating the conditions to make the development of genuinely European investment plans credible.<sup>14</sup>

Another element to consider for the future of the EU’s internal dynamics is the ever more pronounced isolation, or self-exclusion, of Britain, in particular from the euro debate, whose governance reform is seen as crucial by euro members to re-strengthen the Union. In this sense, the final communiqué of the European Council of June 25–26, 2014<sup>15</sup> now appears to draw a clear line; countries that want to move ahead with further integration shall be allowed to do so, while respecting the view of those who do not want to take that path.

### Moving beyond Policy Reform: Constitutional Matters and Coalition Building

Any coalition ready to take all necessary steps to re-strengthening EMU, whatever its final composition, will sooner or later have to tackle the theme of new transfers of sovereignty and therefore the

reform of the existing treaties.<sup>16</sup> This will have to be organized, perhaps for the first time in European integration, in a context in which parallel proposals for re-nationalizing certain policies and other measures to strengthen subsidiarity have been made.<sup>17</sup> So far however, only very few high-level politicians in Europe seem to be willing to speak out clearly in favor of this matter.<sup>18</sup> A very cautious attitude seems to prevail in general among governments, which usually results in the asserted need to first preventively check the potential scope of action laid down in the Lisbon Treaty. And yet, it is on the real possibility of actually re-starting work on the EU treaties that any future coalition which has the sincere ambition of reviving the European project will be put to the test.

In recent years, the frequent recourse to often ineffective ad hoc measures to deal with the various trouble spots of the common currency, growth and competitiveness, has unfortunately often meant divisions and rivalries between different governments, with the re-emergence of overt prejudice and even statements of widespread hostility. In and vis-à-vis Germany in particular, these dynamics have come to play a central role. It is now necessary to return to a common assessment of the major achievements of the integration process and explore how they can be further consolidated through a more legitimate and effective governance. This could include, at least temporarily, the identification of a kind of federal core that could constitute the Union's main engine.

The six-month Italian presidency of the Council of Ministers that started in July 2014 seems determined to obtain a number of initial responses from its European partners on these issues. The government in Rome invited member states to express their views on the way ahead for Europe by filling out a "Questionnaire on the Functioning of the EU System." The results are serving as a kick-off discussion at the European Council in December 2014.<sup>19</sup> (By that time, alliances in the EU for the reform of its governance system are likely to have become more visible.)

Returning, however, to the opening reasoning, it will be very interesting to see which position the new EP intends to take on the issue of structural reforms. For now there is a resolution<sup>20</sup> passed by the outgoing EP urging member states to take the initiative as soon as possible. The Seventh European Parliament also gave some indications of its own reform proposals, to be submitted to a new European Convention for further elaboration. Will the newly elected assembly<sup>21</sup> find the energy to make this initiative topical again? Or will it instead be the first president of the European Commission appointed by a more democratic procedure to reclaim a stimulus role that the Commission has been able to exercise in the past and become both the creator and mediator of future coalitions? At present the latter seems less likely, but the incoming Juncker Commission looks determined to catch up in the institutional race for the future of Europe.



## Coalition Building, Eurozone, and the New EU Political Cycle

Paweł Tokarski

There are several similarities between coalition building in the field of economic issues and other policy areas. Member states' positions are de facto not equal, and their political clout depends on structural factors, especially size, economic performance, and political stability. However, coalitions of economic interests or social issues are usually more stable and last longer, as they are a clear consequence of concrete domestic economic and social models that cannot be changed overnight. These have been shaped for decades – and sometimes for centuries. The EU primarily has an economic focus, being the largest deeply integrated market in the world. Its single currency is used by 18 of the member states at present. The game of economic interests in the EU, played around regulatory issues, share of common resources, or power balance between national and community institutions, is usually grounded much deeper than, say, foreign policy questions. As a result, it is much easier to build a coalition of Central European states around cohesion policy than to hammer out their common approach toward Russia, for example.

The question of eurozone membership added some complexity to the discussion about coalitions. Traditional “institutionalized” geographical coalitions do not necessarily work anymore with regard to some euro area issues. For instance, Poland may consider the European Stability Mechanism to be an obstacle on the way to the euro, while Slovakia (so far the only eurozone member within the Visegrad Group) may regard it as a costly but necessary tool for the stabilization of the currency union. Sweden and Denmark's different relationships with the euro area are reflected in the fact that the latter is seriously considering joining the Banking Union and the former is not.

The global financial crisis and the sovereign debt crisis have made the economic performance and interests inside the eurozone increasingly divergent. Although confidence in the euro area has increased considerably over the past months, none of its drawbacks has been solved in a permanent way.

The EU is still far from clearing up its problems with the banking sector. Several currency union members are trapped by major competitiveness problems and show little willingness for deeper structural reforms of their economies. This results in an adverse effect on growth perspectives and subsequently on their fiscal situation. The ratio of sovereign debt to GDP is still increasing in three out of the four largest eurozone economies. Therefore it seems that the most important question during the current EU institutional cycle is whether the power struggle between the different coalitions of states in the eurozone leads to a dysfunctional stalemate or whether it perhaps gives a chance for continuing the process of its reconstruction and stabilization. It is only if the latter can be achieved that the eurozone can ultimately be fixed.

### The Potential for Franco-Italian Leadership ...

What, then, does coalition building hold within the eurozone for the coming months? Interestingly, it is not Germany's leadership – or lack thereof – that will matter the most, but France's and Italy's attempts to regain ground. The economic, political, and social situations in France and Italy will have a decisive impact on the EU agenda in the next five years. If they are not sufficiently addressed, the problems of these economies sooner or later will affect the sustainability of the entire currency union.

In Italy, Prime Minister Matteo Renzi is the only European leader in power whose position was definitely reinforced by the European Parliamentary elections. With historically high support of 40.8 percent of votes for his party, Renzi's standing in Brussels increased considerably, rendering him a valuable ally for France, the natural leader of the “anti-austerity” camp. Renzi calls for a new Europe, with softened EU fiscal rules, an EU-wide large investment program, and an EU unemployment fund. The 39-year-old politician has skillfully positioned himself as an alternative to Italy's old,

opportunistic political class. However, the balance sheet of his six months in power does not yet look convincing. It is doubtful whether his reform program 2014–17 is a credible answer to the main predicaments of the Italian economy, namely the over-grown, inefficient public sector, high unemployment, corruption, and the shadow economy. Paradoxically, Renzi's political strength in Brussels not only stems from the number of his political supporters in Italy and abroad, but also from the scale of the economic and social problems in his country – and his country's systemic importance. Indeed, the bleak macroeconomic data from the first two quarters of 2014 raised skepticism in Italy about Renzi's ability to deliver on his promises. Nevertheless, he still enjoys major popular support, even though the economic and social situation in Italy is far worse than in France and the reform task is much more challenging, for it will come with considerable political costs.

France finds itself in a different phase of the political cycle. The general public lacks faith that the current government can meet the country's economic challenges. Unlike the situation in Italy, the European elections dealt a major blow to President François Hollande. In 2012 he made numerous promises, including painless economic revival and a significant decrease in unemployment, but only won his presidential mandate by a narrow margin. However, in both 2013 and 2014 Hollande failed to present a convincing reform program, and the economic recovery proved more difficult than the public expected. Poor macroeconomic data triggered not only a government reconstruction in August 2014 but also made it impossible to meet the deadline for budget deficit cuts, set for 2015. This will force France to seek its extension for the third time. Despite the sound declarations of the second government of Manuel Valls, the successful implementation of more comprehensive reforms before the next parliamentary and presidential vote in 2017 is now in question.

The difficulties of both Hollande and Renzi to meet the expectations of their electorates will increase the pressure of Paris and Rome on Berlin and the EU institutions. Both know that the eurozone needs them and that they are “too big to fail.”

Their claims have so far reached from the softening of the EU deficit rules to a large investment program on the EU level, more ECB action to support growth, to an increase of government spending in Germany. Facing the wider situation in the EU, Paris and Rome feel they are likely to gain ground with their ideas.

### ... and its limitations

Due to tremendous social costs of the crisis in Europe, it is indeed necessary for the EU to consider some mechanisms for alleviating the difficulties of the labor markets. It could be reasonable, for instance, to increase the budget of the youth guarantee that helps graduates enter the job market. However, EU instruments alone will not be sufficient. This is where the limitations of the Franco-Italian entente lie. Even if French and Italian expectations were to be met, it is rather unlikely that their competitiveness problems would be permanently addressed. Countries such as Germany thus have a point in saying that there is a considerable risk that creating permanent EU or eurozone-wide financial transfers would rather discourage governments from taking the necessary measures.

Nevertheless, the claims of Renzi and Hollande have put Angela Merkel under pressure. Germany can be easily blamed for economic egoism and for not doing enough for overall growth. The anti-austerity camp has found support among numerous economists from Europe and the United States, including Joseph Stiglitz, who criticized the German resistance to fiscal stimulus. Similarly, IMF Director Christine Lagarde also criticized austerity policy on several occasions. What is more, France managed to mobilize a EU-wide coalition of socialist parties, which met twice in summer 2014 shortly before the European Council summits and backed the demands of the French-Italian duo.

The forum's message proved to have limited reach, however. The Berlin-Tegel Joint Statement issued by three EU ministers from France, Germany and Italy of July 30, 2014 may indeed signal that Berlin is trying to soften this “anti-austerity axis” by tending to agree to some social policy claims.<sup>22</sup> On the other hand, Germany must look for allies to avoid

isolation. The backing of the fourth eurozone economy, Spain, and the possible Eurogroup presidency for Luis de Guindos, would help counterbalance the Paris-Rome axis. However, the contradictory interests of the main big member states will at some point have to be resolved. The key question to answer is how many structural reforms in France and Italy can be negotiated in exchange for concessions concerning EU investments and the extension of the deficit deadline for France.

The difficult political situation in France, where support for President Hollande is low, is likely to have a direct impact on plans for eurozone reconstruction. The European Commission in its blueprint stated that reinforced coordination of economic and budgetary policies or new mechanisms of fiscal transfers would require the creation of a necessary legal basis.<sup>23</sup> At the same time, such

a step may be difficult, as any major revision of the EU treaties would trigger a referendum in France, with a no-vote as a very likely result. Therefore, these plans would have to be reconsidered. In the next five years, we are unlikely to witness a kind of Copernican Revolution in the eurozone architecture; at best there will be some broad compromise over a mix of different policies to support economic growth, including some structural reforms at the national level, with commitments to the existing deficit rules. The French example shows that the capacity for coalition building is no longer a matter of will and skill on the part of respective political leaders but finds its limits in the domestic context. *La Grande Nation* is learning this lesson the hard way – with perhaps a less than ideal outcome for the Eurozone and the EU as a whole. Perhaps we must wait until the next eurozone crisis for a major reconstruction of the euro area architecture.



## No Longer the Magic Number: the Decline of the EU's Big-3

Roderick Parkes

### Rethinking the Role of Big State Coalitions in European Integration

Throughout June 2014, European governments held a series of summits where they achieved little beyond damaging the three goals at the heart of the EU's functioning: its fairness, efficiency and effectiveness. Disputes between France and Germany prevented compromise on austerity and growth issues, denting prospects of any fair new settlement.<sup>24</sup> Differences between the UK and Germany over the nomination of Jean-Claude Juncker as Commission president set back the debate on the efficient functioning of the EU.<sup>25</sup> And differences between France and the UK, involving mutual finger-pointing over the introduction of a new round of sanctions against Russia, undermined the effective representation of the EU's interests abroad.<sup>26</sup>

These setbacks confirmed a pattern apparent for some years now. France, Germany, and the UK still have the capacity to disrupt the EU's functioning, but they no longer bring much to the integration process. Long gone, it seems, are the days when the UK and France would try to lay the basis for a more integrated EU defense policy, or when Germany and France would push forward passport-free travel. The euro crisis has been a time of intense intergovernmentalism, bringing the so-called Big-3 to the fore. But not only have the Big-3 failed to deliver, they have also undermined support for the supranational institutions. Today, voters who have been brought up on ideals of fairness, efficiency and effectiveness can only hold up a template to the EU and shake their heads. And yet, are they – are we – looking at the contribution of the Big-3 in the wrong way?

The picture of the EU usually given in the literature – indeed by the Big-3 themselves<sup>27</sup> – is of a technocratic machine aiming to achieve legal-administrative aims in a high-minded way. In this version of the Union, the Big-3 occasionally pop

up in a bid to further one or more of these aims, and more usually end up disrupting things. And yet, an alternative reading of the integration process is possible. In this reading, the EU is not in fact this kind of Kantian constitutional project occasionally disrupted by three large states which have yet to learn their place.<sup>28</sup> It is a messy, Hobbesian geopolitical creature, which has the mission of calming relations among these three states. It is then air-brushed into a form more suited to our Enlightenment ideals.

Start, for instance, by asking whether there is anything very natural about the way “fairness,” “efficiency” and “effectiveness” have emerged as the EU's organize political principles. These three goals certainly sound very admirable. But why are, say, classic left-right divisions so secondary in this supposedly enlightenment polity? And why are overt intergovernmental divisions – such as those between big states and small, or rich states and poor, or eastern and southern – not more prominent?

Moreover, why have these three principles never been clearly defined? Or alternatively, why are there no real battle lines around different understandings of efficiency, effectiveness, or fairness? In essence these principles amount to nothing more than three blobby packages, the result of compromises and thinking that are hard to identify. The “efficiency” package, for example, arbitrarily fixes on institutional matters and seems to contain a heavy focus on decentralization per se. (“The EU should be big on the big things, small on the small,” according to the outgoing Commission president José Manuel Barroso and his successor, Jean-Claude Juncker.<sup>29</sup>) “Effectiveness” seems to be principally about the EU's role in the world.

To take this line of questioning a step further: These three principles are still broadly accepted by European publics, who are accustomed to enlightenment-style rhetoric. And so why is it that



these principles have never actually conformed to our enlightenment ideals? At the national level, for example, fairness usually entails “fair play” (everyone has a fair chance to grab common goods if they stick to the rules, but some may come away with nothing for the same reason) or “fair shares” (common goods are simply split proportionally). But the EU’s idea of fairness – well, what is it exactly, and why has it been accepted uncritically for so long?

And finally, why do we have three of these packages, not four or five of them, or indeed just one?

### The Dynamics behind Big-3 Relations

The easy answer is that this is simply a reflection of a complex political system: it’s obvious that there cannot be clear political divisions between left and right, let alone straightforward enlightenment-style arrangements in a multi-vector polity like the European Union. But what if these patterns could be traced not to a general state of complexity but to the purposeful management of Big-3 relations? The EU is, after all, a political system that was established in order to put an end to war on the continent. European states, tired of repetitive conflicts involving France, Germany, and the UK, were prepared to give the Big-3 a constructive problem-solving role on the continent. If the Big-3 are prepared to be friends with each other, the logic goes, then the rest are prepared to live with the trio’s pre-eminent political role.

“Fairness” is thus about France and Germany compromising on the distribution of European resources. This bilateral compromise is expected to go beyond mere economic issues and clear up most of the tensions in the EU relating to size (Germany as protector of small states, France as protector of big-state politics), resource disputes (budget, agriculture, energy, free movement of persons), and geographic balance (east-west, north-south, and east-south compromises). “Efficiency,” meanwhile, is about the UK and Germany fine-tuning the EU’s institutions. But this is not about creating a balance between states that want tighter legal and institutional integration and more skeptical states. This is about melding Germany’s and Britain’s

specific constitutional understandings. Meanwhile, “effectiveness” is about France and the UK pooling their resources and asserting the EU globally.<sup>30</sup>

The reason why we have three packages thus becomes clear. The Big-3 are not sufficiently cohesive to form a big-state *directoire* that would lead to one big compromise package, but they are still sufficiently dominant to prevent the emergence of rival coalitions of member states around secondary issues.<sup>31</sup> As a result, the Big-3 deal in three discreet bilateral formats with the key sources of tension between them. This is perhaps clearest in the “fairness” package, where France and Germany tackle the historic points of tension between them and deal with the key points of continental geopolitical competition: size, borders and population (Schengen, EU citizenship), security (coal and steel community, energy), and economy (EU budget, free movement of labor), typically refashioning them into common goods.

In the “efficiency” package, meanwhile, the UK and Germany live out their collective obsession with institutions as the solution to international problems. For London, EU institutions must be strong enough to prevent conflicts and hostile caucusing across the Channel, but not so strong that they cut down British room for manoeuvre. (The reflex emphasis on “decentralization” thus comes from the UK.<sup>32</sup>) Germany, by contrast, views the institutional question in terms of mutual control. It seeks access to other members’ institutions and, wary of its own power, gives them access to its own.<sup>33</sup> As for promoting “effectiveness” package in the EU, this is principally a case of France and the UK patching up their competitive global relationship – their differences and, even more so, their similarities<sup>34</sup> – and together exercising their foreign policy ambitions.<sup>35</sup>

### How Big-3 Bilateralism Broke Down

The relationship between the Big-3 and other member states has been mutually beneficial. Smaller states have been ready to grant the Big-3 a pre-eminent role in the EU system, recognizing that they themselves are unable to form meaningful coalitions and acutely aware that a failure in the Big-3’s relations could risk pitching the continent back into geopolitical strife. In return, the Big-3

have tried to use their exclusive bilateral formats to resolve broader common problems, viewing this as their contribution to peace and stability on the continent. And yet, the starting premise above is not wholly false: the Big-3's contribution to the EU has been paltry of late, and the summits of the past months do show that the quid-pro-quo with other, smaller states is breaking down.

Why exactly? There are at least four reasons:

1. *The EU's problems got bigger, and the Big-3 got smaller.* The economic crisis has hit each of the Big-3 differently, leaving each of the three bilateral relationships lop-sided. As a result of its domestic woes, the UK is too wrapped up with internal constitutional problems, and France is too far in the doldrums economically to contribute much to the EU. By contrast, Germany is pushing ahead in both fields of cooperation, the economy and institutions.<sup>36</sup> Franco-British relations are similarly lop-sided: the UK has been trying to downsize its global role in response to economic crisis, while France is looking to profile itself internationally to make up for its economic problems.<sup>37</sup> This makes a common line on the question of EU effectiveness particularly hard. And finally, of course, the eurozone crisis has buried any sense of the parity of the three bilateralisms. The Franco-German tandem is predominate. Paris's and Berlin's respective relations with London are at best secondary.
2. *The vultures are gathering.* Previously, smaller member states were prepared to invest in the Big-3 relationships and to give the trio natural precedence in EU politics. When rival member-state coalitions did pop up, they typically recognized the pre-eminence of the Big-3, confining their own role to balancing and complementing. Not so any more. Italy has been exploiting difficulties among the Big-3 in order to score political points.<sup>38</sup> The same is true of the supranational players. While Herman Van Rompuy, as chair of the European Council, understood his role as building bridges between France and Germany around the issue of "fairness," the outgoing high representative for foreign affairs, Catherine Ashton, did not succeed in building relations with Paris and London. Her term was characterized by a prickly relationship with these two key capitals.<sup>39</sup> It is also clear that the emergence of a two-tier EU has seriously altered the rules and possibilities of coalition building.
3. *Serious questions of legitimacy have arisen.* When the memories of perpetual European conflict were still fresh, it was perfectly legitimate for larger states to receive special attention. These days, attempts to explain to voters the subtle quid-pro-quo behind Big-3 bilateralism are trickier. Even the Big-3 seem to have forgotten the rationale behind their pre-eminent role – and Berlin, Paris and London have actually been the ones to admit that the current workings of the EU "hardly conform to our idea of good governance."<sup>40</sup> Moreover, voters in France, Germany and the UK want to know what they themselves get out of their difficult bilateral relationships. Germans want to know why their government is making economic concessions to France; Britons want to know why Germans aren't making political concessions to them. This zero-sum bilateralism in turn makes it harder for the three governments to perform a constructive role toward the other 25 EU members.
4. *The EU wants to move on.* Most governments seem to feel that the Big-3 system has run its course and that it is time to try something new to further their common interests. Indeed, they probably feel the EU has reached a point whereby it can *either* have good relations among France, the UK, and Germany or it can have a workable system of "fairness," "efficiency," and "effectiveness. The trio has become so inward-looking that it is no longer able to fulfill its broader function: solving problems. Even a country like Poland, which is well invested in Big-3 relations through the Weimar Triangle (the French-Polish-German format), may be running out of patience. Warsaw sees Franco-German relations as a potential source of *unfairness*, the heart of a chauvinist eurozone core. And the UK's semi-detachment merely exasperates it further.<sup>41</sup>

## Should the Big-3 Be Saved?

European commentators are worried by what they see as the recent rollback in EU integration, and have criticized the way the supranational organs are being challenged by the Big-3. Their logic is impeccable. But this essay has offered the reverse perspective, and has suggested that the Big-3 in fact sit at the heart of EU integration and that the real problem has been the challenge posed to their cohesion. This in turn raises the question of whether Big-3 cohesion is worth preserving as a common European good in its own right. And the answer is yes, probably. The growing mutual distrust among London, Berlin, and Paris will otherwise see the three lose their enthusiasm for the EU – with the UK peeling off first. In short, the Big-3 have more to give.

Moreover, while we won't see a conflict involving the Big-3 if their relations deteriorate, geopolitical tensions may nevertheless return. The UK is being told, for instance, that it cannot leave the EU because it “can't change its geography,” and France, with its struggling economy, is hearing that “it is inevitable to be dominated by a unified Germany.”<sup>42</sup> Against that background it comes as

no surprise to hear the EU broadcasting to the world in the wake of the Ukraine crisis that Brussels “does not do geopolitics.” Nothing could be further from the truth! The EU does geopolitics in the truest sense, giving states a genuine choice over the points of tension between them. But as this old self-understanding diminishes, so too does the distinction between this system and Moscow's more forceful methods of obtaining regional cooperation.

So how can the Big-3 be saved? One approach would be to integrate the Big-3 bilateral formats better into the workings of the supranational EU. That would require a change of thinking from the three countries themselves, particularly the UK. Recently, London has focused on mobilizing its French and German counterparts to sideline the recalcitrant European institutions and “reform” the bloc. Much more, the Big-3 should see how its bilateral relationships could fit with the overall functioning of the EU – with the “project team” system in the Commission College, say, or the new attempts to introduce left-right competition into EU politics. Since each of the Big-3 seems nervous about the EU's growth of competences, moreover, the trio should also see how they could take the weight off the EU and play a complementary role.

## Looking at Coalition Building through an Irish Lens

Katherine Meenan

In today's European Union, active coalitions of member states are absent – coalitions in the sense of continued cooperation around a shared set of preferences and goals going beyond single policy issues and offering strategic leadership. Even groupings of member states which have some level of shared institutions such as the Nordic states, the Benelux countries, the Franco-German tandem, or the Visegrad Group, do not seem to operate jointly. Although some of the groupings with shared institutions, such as the Nordics, acknowledge that they share information very freely, they insist on acting independently from each other. Rather, when new initiatives appear, smaller member states seem to seek to approach their larger partners first in order to analyze the political pressure behind each initiative. This helps them align their preferences in the following negotiations. Germany, on the other hand, is less likely to seek to build coalitions than to gently but repeatedly state its position.

It is challenging to deal in long-term strategic concepts of coalitions given the current crisis mode. The EU itself is only just exiting a phase when staying afloat was the objective, so the absence of these long-term coalitions may be a reflection of the lack of economic space for radical departures; all focus is on the short-term and the economic only.

### Missing the Wider Picture

The results of the May 2014 European elections, which saw an increase in the representation of Euroskeptic parties, underline the trend that coalition building of member states within the EU will become more difficult. Although business within the European Parliament is likely to continue as before, because the two main political parties – the European People's Party (EPP) and the Socialists (S&D) – can still achieve a combined majority within the European Parliament, the rise in the Euroskeptic vote will certainly put additional pressure on national governments and make them more responsive to their constituencies – potentially lim-

iting national governments' room for manoeuvre in coalition building. At a time when the lingering economic crisis makes combined action within the EU, and effective action by its institutions, more important, member state governments will need to show their electorates that they, individually, have had a series of "wins" and that the wins have been achieved not jointly but by getting the better of the others. It seems to be part of political life that while a pro-European stance is based on common hopes and ambitions, Euroskeptics are each Euroskeptic in their own way. Increased Euroskepticism will thus most probably impair the likelihood of future joint endeavors of member states.

Indeed, one thing stands out in particular: despite the fact that all the EU's founding texts speak of shared values – fundamental values such as respect for human rights and social and economic values – the first response of each foreign ministry is to start political horse-trading, with an immediate focus on the text of each dossier rather than on a wider picture. Nevertheless or exactly because of this fact, many decisions at the level of the Council of Ministers, and even more at the European Council level, have been taken so far by consensus and thus without a vote. It certainly does raise interesting questions to note that, at the initial level of negotiation, we start with 28 completely independent points of view and can often end up with a virtual consensus. How is this consensus achieved? Using some of the principles of project management, perhaps the hidden ingredient is time – which goes some length to explain the slowness of the decision-making.

There is clearly on all sides a will to achieve consensus, but many of the part mechanisms for making this possible have since fallen away. There seems to be a real change in how the Council of Ministers and the European Council work, with a perceptible movement away from a political mode of decision-making that attempted to avoid any zero-sum game. According to this method, every member of the Council would leave with something in their hand,

and considerable efforts were made to ensure that there were no winners or losers. This is certainly not a feature of recent European Councils.

Equally, given the proclaimed shared values of the Union, there did seem to be an emphasis on achievement, on moving forward. Now negotiations between member states appear to be based on the least each participant feels they can get away with.

### Owners and Consumers of Integration

In terms of the approach to the EU and general preferences, several divisions within the EU 28 are visible. By far the most significant one is between “ins” and “outs” of the eurozone. The “pre-ins” are not acting as a bridge but, rather, give an impression that they operate as insiders. The response of the UK government to any sense of exclusion on difficult issues, and the extreme caution of the European Council in its utterances, indicate the sensitivities of the issue for the permanent outs. There is every possibility that this cleavage will grow over time, rather than diminishing. The other big division is on security, in particular the matter of engagement outside the territory of the EU. Clearly, those EU countries that are permanent members of the UN Security Council already consider themselves to have a world presence, which is not the case for many of the other member states. But although there is a split between on the one hand France and the United Kingdom and on the other hand the “rest,” the “rest” are not so divided in their differences, even if some are NATO members and others are not. It seems to be more of a continuum of engagement.

Moreover, in past stages of the European integration process, member states could generally be characterized as either drivers/builders, veto actors, or as bystanders of European integration. Today, however, it seems more appropriate to classify member states as “owners” vs. “consumers” of the integration process. On a day-to-day basis there may be no difference between, for example, the Netherlands and Slovakia in how they respond to policy initiatives, but there is a residual sense of responsibility among the earlier member states for

“keeping the show on the road.” An alternate classification would be between policymakers and policy takers.

### Ireland’s Opportunities – and Woes

While it would be foolish to pretend that smaller countries have the same clout as large ones, this does not mean that smaller countries see themselves as “bystanders.” Rather they see themselves on the margin of decision-making and must operate on that basis. At the same time though, the structure of EU institutions does allow smaller countries to contribute, if that is what they want. A number of Irish presidencies of the Council have allowed Ireland to contribute significantly: the 1990 European Council in Dublin, which opened the way for German unification, and the 2004 European Council where the final details of the European Constitution were negotiated. In addition, the skill of Irish officials at the summit concluding the then intergovernmental conference in Nice, and the contribution of former Prime Minister John Bruton to the Convention of the Future of Europe have allowed Ireland to show leadership in a way that differs from the regular round of negotiation.

An aspect of coalition building in which small countries can also play a part is in building bridges to third countries. Ireland has a particular relationship with the United States for a variety of reasons: a history of emigration, the size of the Irish lobby in the US, the importance of US investment in Ireland, and the presence of US multi-nationals in Ireland. Similarly, countries such as Spain and Portugal have a privileged relationship with many countries of Latin America, while France has its particular history with many parts of Africa. None of these relationships are without their problems, but each of these member states brings an echo of the wider world to the table.

From the point of view of Ireland, history and geography have created another, however rather partial coalition, which can occasionally be less than happy. The UK’s continued reticence on many policy initiatives within the EU has created ongoing difficulties for Ireland. For instance Ireland and the UK have always shared a common migration area;

thus, the UK refusal to be part of the Schengen Agreement left Ireland with no option but to stay outside as well. The concept of border controls between the Republic of Ireland and Northern Ireland is unacceptable, although Schengen membership would be desirable for the Republic Ireland.

Any potential re-negotiation by the UK of its EU membership would create significant problems for Ireland. In addition to the EU-wide problems that could stem from any attempt to renegotiate the single market, Ireland would be particularly vulnerable because of the proportion of Ireland's food and drink exports that go to the UK. Any refusal by the UK to abide by the EU rules on state aid, for example, could significantly affect Ireland's ability to attract foreign direct investment. The political impact on Northern Ireland would be a key concern. Given the strength of the UK media in Ireland, moreover, a rancorous renegotiation could have an impact on Irish public opinion. But the overall understanding of European integration in Ireland and the UK is very different. Ireland's decision to join the eurozone underlined from early on the country's commitment to a political project that goes beyond the mere notion of a strong single market championed by successive governments in London. Membership of the Euro is considered as non-negotiable by Ireland's political classes, and even at the worst moment of the economic failure, leaving the eurozone was never considered at either political or economic level, despite some commentary that suggested that this would be an easier option and would allow devaluation.

A longstanding coalition, though circumscribed, has been Ireland's relationship with France in virtually everything to do with the Common Agricultural Policy. This partnership has existed since Ireland joined the Common Market in 1973, and is carefully cultivated on both sides.

In the past years, Ireland's reputation was severely damaged by the economic collapse of 2008 and the fact that Ireland was the first to need external eurozone help. The collapse was caused to a large extent by a property bubble, fuelled by an inad-

equately regulated banking sector. Real and continuing hardship was felt deeply in Irish society. It helped somewhat when it subsequently transpired that Ireland was not alone in needing support. Ireland moved first and hardest to introduce the kind of measures to restore confidence in the economy – including, for example, a 30-percent reduction in public servant salaries. Today the country can borrow internationally at historically low interest rates. Now seen as the good pupil in the class, it will be the fastest growing economy in the eurozone in 2015.

The past years have left scars in Ireland's relationship with the lead player in the eurozone – Germany – because of the nature of the austerity program imposed on it. What was criticized in particular was Germany's refusal to acknowledge the idea that the burden which Ireland took on itself to support Irish banks at a critical moment did in fact help to maintain the credibility of the whole European banking system. Germany's refusal to allow any kind of alternative financing of the burden, which was carried by the Irish taxpayer, will remain a sore point in Ireland for some time. Nonetheless, although the role of Germany has been well covered in the Irish media, public opinion seems to be shifting slightly. In the most recent (2012) opinion poll, which asked Irish citizens whether Germany was doing enough (or more than enough) to help the eurozone in its crisis, 64 percent of those surveyed said yes.

Following the Irish banking crisis, Ireland saw the institutions of the EU as a stage on which to demonstrate that it had taken responsibility for the economic position in which it found itself and to underline the traditional Irish orthodoxy for EU membership: Ireland should remain an "insider" while maintaining independence of mind and action and in all cases fostering relationships with large neighbors – while at the same time seeking to avoid binary choices.<sup>43</sup> Ireland's Council presidency of 2013 was part of that project. The approach of both officials and politicians was coherent enough to indicate that Ireland was still there, was still a member, and still had a voice.



## The Finnish Strategy: Focus on Issues instead of Coalitions

Tuomas Iso-Markku & Juha Jokela

The eurozone crisis has had a significant impact on the political dynamics within the European Union. Old dividing lines between the EU's member states have resurfaced, and new ones have appeared. Conversely, the past years have also witnessed the strengthening of some traditional alliances and the formation of new partnerships. However, at present neither the coalitions nor the divisions within the EU seem fixed. Instead, the situation is still evolving, with new events such as elections, changes in economic outlook, and external developments influencing the way in which the member states position themselves on the European stage.

The main objective of this article is to look at the EU's coalitions and divisions – both old and new – from the point of view of Finland, a member state located both geographically and politically in the northern part of EU-Europe. We begin by briefly discussing Finland's relations with other member states during the early period of the country's EU membership. We then analyze how and to what extent the eurozone crisis has changed the situation. Finally, we offer a short account of the most recent developments in European coalition building, particularly in connection with the European elections in May 2014.

We suggest that even if Finland has actively sought the inclusion of “the North” into the EU's political cartography and considers the EU's other northern member states to be an important reference group, the country has not aimed at building a strong northern alliance within the EU. Instead, Finland sees itself as a constructive, pragmatic, and solution-oriented actor that is open to cooperation with all member states. Correspondingly, Finland has mostly preferred flexible, temporary, and issue-based partnerships to permanent coalition formations.

The eurozone crisis, however, poses a challenge to the Finnish approach to coalition building. First of all, the crisis has divided the EU's member states into different and, at times, antagonistic groups.

Building partnerships across the boundaries of these groups seems highly important, yet increasingly difficult. Secondly, the crisis has invigorated the domestic discourse on EU issues in several member states. In the Finnish case, the heated domestic debates about the rescue loan programs have had a visible impact on the government's EU policy and on the country's position within the EU in general. Conscious of the voters' critical attitudes toward the rescue packages, the Finnish government has constantly highlighted the importance of budgetary discipline and underlined that each member state is responsible for its sovereign debt. This approach has placed Finland firmly in the German-led group of northern creditor states, thus complicating cooperation with some of the southern EU members. Despite these trends, many signs point to Finland's continued willingness to act as a bridge-builder in the EU and focus on issues instead of coalitions.

### Finland's Role in Coalition Building before the Eurozone Crisis

Finland joined the EU in 1995 together with Austria and Sweden. It was Sweden's decision to apply for EU membership that served as the final push for Finland's EU candidature, as Finland and Sweden are closely linked economically and politically. The simultaneous accession of Finland and Sweden to the EU opened up the possibility of increased Nordic cooperation under the EU's umbrella, as Denmark had been a member of the EU since 1973.<sup>44</sup> However, although the three Nordic EU members seemed like natural partners, they have not formed a distinctive “Nordic bloc” within the EU.<sup>45</sup> Instead, the cooperation between the three has been limited to certain issue areas.

The most prominent example of Nordic cooperation within the EU has been the concerted attempt of Denmark, Finland, and Sweden to increase the transparency of EU governance in the years after 1995. Additionally, the social models of the Nordic EU member states have received considerable



attention within the Union as a whole. Famed for their social welfare systems and high level of equality, the three countries have generally welcomed interest in their models. However, they have also underlined that social policy should continue to fall under national competence, even while acknowledging the need for more EU coordination and joint benchmarks in this policy area.

Finland and Sweden have also worked together in the areas of Common Foreign and Security Policy (CFSP) and Common Security and Defense Policy (CSDP). This cooperation has been facilitated by the two countries' similar interests; both have been keen to demonstrate their commitment to CFSP/CSDP and to emerge as providers of European security. At the same time, they have been wary of compromising their status as militarily non-aligned countries.<sup>46</sup> Denmark, by contrast, having opted out from CSDP, has put more emphasis on its longstanding relationships with the US and NATO (which it joined as a founding member in 1949).

With regard to the single market, all Nordic EU member states have been vocal proponents of a liberal approach. As distinctively open and thoroughly globalized export-oriented economies, they have often found like-minded partners in the United Kingdom and the Netherlands, which hold similar views on the deepening of the single market, furthering the EU's external trade relations, and enhancing the Union's competitiveness. This liberal northern view has been acknowledged and occasionally highlighted by both the countries in question and other member states.

The Nordic connection within the EU has, however, been weakened by the different pathways chosen by the Nordic EU members in terms of Economic and Monetary Union (EMU). Whereas Finland decided to join the final stage of EMU and adopt the euro, Sweden (after a referendum) and Denmark (on the basis of the opt-outs it negotiated in the early 1990s) have kept their national currencies. For many, this has distinguished Sweden and Denmark as more cautious member states when compared to Finland, which has attempted to increase its influence by moving closer to the Union's core.<sup>47</sup>

While its positive EMU decision made Finland the odd one out among the Nordic EU members, Finland attached more weight to the possible economic gains as well as to the possibility of having a say when important decisions concerning the EU's future are made. This is indicative of Finland's general strategy within the EU. All in all, Finland's membership period has been characterized by attempts to build a reputation as a proactive and constructive member state willing to find practical solutions to the key issues on the EU's agenda. Accordingly, Finland has sought to cooperate with different member states on different issues, placing more weight on dealing with the issue at hand than on the choice of the coalition partner. Moreover, Finland has underlined the role of the European Commission, an institution that is legally bound to represent the EU as a whole. In so doing, it has often found itself on the same side with other small and medium-sized member states, particularly in negotiations concerning major reforms to the EU treaties.

In its role as a pragmatic and solutions-oriented member state, Finland has also drawn inspiration from Germany, an early supporter of the Finnish membership bid that has remained an important partner after Finnish EU accession. Germany has traditionally been viewed in Finland as a balancing element within the EU, building a bridge between the EU's big and small member states as well as between the Union's northern, southern, and eastern parts.<sup>48</sup> Germany's image did, however, suffer a blow during the early period of the eurozone crisis, when the bilateral cooperation and coordination between Germany and France ("Merkozy") raised fears in Finland and other small member states of increased big member state dominance in the EU.<sup>49</sup>

A good example of how Finland perceives its role within the EU is the country's first major EU initiative, the Northern Dimension Initiative. The plan aimed to introduce a "Northern" component to a wide variety of EU policies – including external relations, environmental policy, energy policy, and regional policy – and thus put "the North" on the EU's political map. However, true to Finland's inclusive approach to coalition building, the initiative was from the very start designed to be open to

a large number of actors, including the Baltic states – at the time still candidate countries – as well as to non-EU members such as Russia, Norway, and Iceland.

### Finland's Role in Coalition Building during and after the Eurozone Crisis

The eurozone crisis has in many ways posed a challenge to Finland's inclusive and issue-based approach to coalition building. One of the central consequences of the crisis is that it has pitted EU member states against one another, deepening some existing (or perceived) divides between them – most notably the North/South or debtor/creditor cleavages – and creating new lines of division such as the increasingly important boundary between eurozone countries and non-eurozone countries as well as the rift between the UK and the rest of the EU.

Furthermore, Finland itself has now been firmly anchored in the German-led group of northern “creditor” countries as well as in the even more exclusive club of the so-called AAA countries. A major factor behind this development is the increasing interplay between Finland's domestic politics and the country's EU policy. The rescue loans offered to crisis-stricken eurozone countries proved highly unpopular in Finland, and the national parliamentary elections of April 2011 saw the Euroskeptic (True) Finns Party establish itself as Finland's third-biggest party. Although the Finns Party did not join the government coalition that was formed after the elections, the new government took the electorate's message seriously, adopting a more cautious attitude toward further integration and above all toward any steps leading to greater joint liability among the eurozone member states.<sup>50</sup> In this context, Finland emerged as a staunch supporter of tight fiscal consolidation.

Right after the 2011 parliamentary elections, some of Finland's positions proved too much even for the other AAA countries, leaving it to fight for its views alone. Finland was, for example, the only country to demand collaterals from Greece and Spain in exchange for Finnish participation in the rescue packages offered to those countries. Fin-

land's readiness to act as a veto player demonstrates a visible break from its earlier, cooperative and solutions-oriented line.

This does not, however, mean that Finland would have abandoned its ideal of being able to work with all EU member states. Aware of its reputation in some southern member states, Finland has, for example, tried to perform damage control vis-à-vis the crisis countries, with former Prime Minister Jyrki Katainen often publicly expressing his sympathy for these countries and comparing their situation to that faced by Finland in the early 1990s.<sup>51</sup> Katainen also visited several southern member states during the crisis in order to explain Finland's views and positions.<sup>52</sup> Furthermore, in a notable effort at cooperation across the North/South divide, Katainen and Italy's former Prime Minister Enrico Letta published a joint commentary in Germany's *Frankfurter Allgemeine Zeitung*, demanding simpler EU legislation that would help promote economic activity and growth in Europe.<sup>53</sup>

Finland's general apprehension about the emergence of new divisions within the EU has also manifested itself in the country's concern about the growing divide between eurozone and non-eurozone countries, which threatens to distance Finland ever further from its Nordic (Sweden and Denmark) and northern (the UK) reference group. The Finnish government's 2013 report on EU policy explicitly states that “no unnecessary gap must be allowed to develop between the eurozone and other member states,” underlining that “[d]ifferentiated integration must primarily be realized within the EU structures in accordance with the common rules” in order to guarantee “that cooperation proceeds with open doors without excluding any Member States.”<sup>54</sup>

Despite the deepening of the eurozone/non-eurozone divide and the growing distance between some northern member states, even the crisis years have seen some attempts to highlight a distinctly “northern” view of policymaking.<sup>55</sup> The most notable initiative in this respect has undoubtedly been David Cameron's idea to hold a UK-Nordic-Baltic summit in London in January 2011. The summit gathered altogether nine Northern European coun-

tries (the United Kingdom, the three Baltic states, the three Nordic EU members as well as Iceland and Norway) and led to the creation of an annual British-Nordic-Baltic reunion under the moniker Northern Future Forum.<sup>56</sup>

While the agenda of the British-Nordic-Baltic summits has not been directly related to the EU, the UK's interest in this forum is likely to be linked to its aim to find like-minded partners in Northern Europe in order to compensate for its increasing alienation from continental Europe. However, with the Euroskeptic domestic debate in the UK compelling Cameron to steer his country ever further from the European mainstream and toward a possible British exit from the EU, the future of the northern axis within the Union seems uncertain. In Finland, the UK's dwindling interest in the EU is perceived as a very regrettable development.

On the other hand, the Baltic countries Estonia and Latvia have now both joined the eurozone – with Lithuania due to follow suit in January 2015. Their views on economic policies are rather similar to Finland's. While the potential of a more comprehensive Finnish-Baltic partnership has been taken note of in Finland, finding practical forms of closer cooperation is still a “work in progress” at best. Interestingly, the ex-prime ministers of Finland, Estonia, and Latvia all act as vice-presidents of the new European Commission, with Jyrki Katainen and Valdis Dombrovskis being responsible for the closely related portfolios of “Jobs, Growth, Investment & Competitiveness” and “the Euro & Social Dialogue,” respectively. This could possibly introduce new momentum into these states' relations.

As for Finland's future role in European coalition building, it is likely that the country will carry forward on the path on which the eurozone crisis has placed it. This means that on the one hand,

Finland will continue its close alignment with Germany and the other northern “creditor” countries. On the other hand, the country will also try to engage in practical cooperation with other interested member states and work toward maintaining the unity of the EU. Unlike in many other member states, the European Parliament elections of May 2014 were not a major game changer in Finland. The National Coalition Party of outgoing Prime Minister Katainen and his successor, Alexander Stubb, maintained its position as Finland's biggest party, whereas the Euroskeptic Finns Party received only 13 percent of the votes. This gives the government's current pragmatic pro-EU policy a solid domestic basis.

Of course, the continuation of the current policy is not carved in stone. Above all Finland's own rapidly worsened economic outlook could influence how the country positions itself in the European debates over the short or medium term. The next Finnish parliamentary elections are set to take place in April 2015 and could potentially influence Finland's EU policy line as well. Similarly, the EU's ongoing confrontation with Russia and the concomitant foreign policy debates at the national and the European level could affect the larger coalition building trends within the EU. The EU's relationship with Russia has traditionally been a major bone of contention among EU member states – particularly since the eastern enlargement in 2004 – and the discussions surrounding the economic sanctions imposed on Russia have added a new dimension to the affair. It remains to be seen whether and how the dispute with Russia and the differences of opinion between the member states will impact Finland's previous attempts to foster consensus and occupy middle ground in the EU's internal deliberations on EU-Russia relations.

## Coalition Building in the European Parliament and the Council of Ministers under Lisbon

Guido Tiemann

Coalitions of political actors are and will continue to be a crucial factor in European Union policy-making. Both the legislative competencies of the European Parliament (EP) and the relevance of majority voting in the Council of Ministers have significantly increased. There is barely any policy domain unaffected by the European level, so that parties, parliamentary groups, and governments face strong incentives to engage in effective coalition building endeavors in order to pass the respective voting thresholds. In the ubiquitous theoretical and empirical studies concentrating on coalitions and coalition building in political research, surprisingly little attention has been paid to these dynamics.

Theoretical and empirical insight into the logic, formation, and consequences of legislative coalitions may be borrowed from studies of national politics. The most influential theoretical contribution to the study of national political coalitions was made by William Riker in 1962.<sup>57</sup> Beginning with the assumption that any political actor is primarily interested in gaining political office, he applied formal modeling to show that politicians will form “minimum winning coalitions” just about large enough to gain control over a specific office, to maximize their share of the office portfolio, and to get specific policy goals enacted. Riker’s models of “opportunistic issue entrepreneurs” have since been criticized by other scholars who put more emphasis on the programmatic profiles of actors likely to engage in a coalition. An alternative explanation is that political actors only enter coalitions with partners that have compatible, overlapping policy preferences. Both of these perspectives were later amalgamated into a third model: “minimum connected winning coalitions.” This two-dimensional perspective implies that ideologically “neighboring” and programmatically compatible actors tend to engage in minimum-winning coalitions.<sup>58</sup> Alternatively, political actors may prefer to form “oversized coalitions” when maintaining coalition bargains proves to be complicated, package deals are involved, or political matters tend to be symbolically laden.<sup>59</sup>

How valuable are such models for policymaking at the EU level? The Union’s legislative bodies, the European Parliament and the Council of Ministers, do not (need to) support and sustain any kind of elected executive. One can therefore expect “coalitions” to be more ad hoc, more volatile, and more centered on specific issues and projects. But does this assumption still hold in the EU operating under the Lisbon Treaty?

This contribution sheds some light upon the dynamics of legislative coalitions in European Union politics, which are driven and modified by the results of the most recent EP elections of May 2014. In contrast, shifting dynamics of coalition building in the Council of Ministers are affected by the shift from the triple majority system (as defined by the Nice Treaty) to the double one (as defined by the Lisbon Treaty, which went into effect in November 2014). I will briefly discuss the composition and coherence of legislative coalitions in both bodies and also present some tentative conclusions on the perspectives for legislative coalitions in the coming years.

### Coalitions in the European Parliament

Political collaboration in the EP tends to be established along the respective ideological and programmatic lines of the members of parliament (MEPs) and fostered by the groups that most of them are part of.<sup>60</sup> Research based on roll-call votes in the previous EPs has shown that parliamentary voting is explained by ideological rather than national alignment. Scaling analyses performed on these data empirically underscore these findings. Table 1 displays cohesion scores of the parliamentary groups. With the notable exemption of the “Europe of Freedom and Democracy” group (EFD), there was very high degree of group cohesion in the 7th European Parliament (2009–14). For the established, large, and centrist umbrellas such as the European People’s Party (EPP) or the Alliance of Socialists and Democrats (S&D), on aver-

age about 90 percent of the MEPs tend to be on the same side of a vote. On the other hand, members of the EFD agreed in less than half of the parliamentary votes. Unsurprisingly, the right-wing euroskeptic platform lost most member factions after the 2014 EP elections and was subsequently renamed and reorganized. Ultimately, concerning the temporal dimension, the (increasing) coherence of political behavior within the EP factions is a consistent phenomenon that has also been illustrated by comparative analyses of the previous EPs.<sup>61</sup>

Legislative coalitions of course depend on the specifics of the respective majority requirement in a given policy area. When a simple majority is needed to pass a motion, both the EPP and the S&D usually form a majority with some of the EP's more ideologically aligned smaller groups, in particular the Alliance of Liberals and Democrats (ALDE) and the Greens. If, however, an absolute majority is required, it is very difficult to form a winning coalition without the votes of the two large, centrist factions in the EP. This does not imply that they always vote together but that it is impossible to form a winning coalition without either of them, and often impossible to sustain a winning coalition without them both. Table 1 also presents an empirical breakdown of the inclusion of the various political groups in winning coalitions in the 7th European Parliament. The MEPs for large, centrist actors such as the EPP and the S&D tend to end up on the winning side most of the time, while members of smaller, ideologically more extreme groups are more frequently outvoted.

Another pattern that can be observed is that whenever the EP intends to establish or defend its powers vis-à-vis the Council of Ministers or the European Commission, there tend to be oversized legislative coalitions.<sup>62</sup> But with this notable exemption in mind, voting patterns in the EP so far more closely resemble those in national parliaments, with two political issue dimensions structuring the MEPs' political behavior and coalition dynamics: the semantics of left and right and, to a far lesser extent, the pro- and anti-integration preferences.

Of course, one may speculate about the consequences of May 2014 EP elections for the emergence of legislative coalitions in the current, 8th European Parliament. Given the extraordinary share of outspokenly euroskeptic MEPs (at least 28 percent), one may expect an increasing salience of European integration matters compared to the more general left-right ideological divide. While the large groups of Christian and Social Democrats (the EPP and the S&D) will certainly continue to be the key actors at the center of the political spectrum, their combined share of mandates in the EP is now less than 55 per cent. In contrast, the growing number of euroskeptic politicians and parliamentary groups will not have many options to express their preferences, will most often be outvoted, and are not given any alternative to having a significant imprint on EU politics. That said, it still remains unclear whether excluding these groups will make the breeding ground for the euroskeptic camp even more fertile.

**Table 1: Cohesion and Winning Coalitions in the 7th European Parliament**

EP Group	Cohesion	Winning Coalition
1: GUE-NGL	79.37 %	51.93 %
2: Greens/EFA	94.68 %	66.92 %
3: S&D	91.54 %	83.51 %
4: ALDE/ADLE	88.40 %	86.55 %
5: EPP	92.63 %	90.02 %
6: ECR	86.65 %	55.74 %
7: EFD	48.59 %	52.38 %

Notes: GUE-NGL=European United Left–Nordic Green Left; Greens/EFA=The Greens–European Free Alliance; S&D=Progressive Alliance of Socialists and Democrats; ALDE/ADLE=Alliance of Liberals and Democrats for Europe; EPP=European People's Party; ECR=European Conservatives and Reformists; EFD=Europe of Freedom and Democracy  
Source: www.votewatch.eu

### Coalitions in the Council of Ministers

For a number of reasons it is much more complicated to track and dissect coalition building in the Council of Ministers. (For a behind-the-scenes look at Council decision-making, see Daniel Naurin's detailed study.<sup>63</sup>) The EP consists of a large num-

ber of MEPs whose behavior may be accounted for by models of parliamentary voting. But the Council is a much smaller body, and decision-making may better be understood with the help of models of committee voting. Because the Council by and large convenes behind closed doors, even insiders can often only guess how a vote will proceed or speculate, for example, about the share of votes that are already resolved by the time of the formal vote. In the literature, best guesses on the share of Council votes that have been prearranged behind closed doors hover between 35 and 85 percent of legislation.<sup>64</sup>

As with the EP, however, specific majority requirements and changes in the thresholds for qualified majority voting (QMV) clearly influence the emergence of legislative coalitions in the Council. The rules of the Nice Treaty implied that three criteria for QMV had to be met: (1.1) about 74 percent of the weighted votes in the Council are required (1.2), these votes have to represent at least 62 percent of the EU's population, and (1.3) they must come from a majority of member states. As of November 2014, the Lisbon Treaty changes this system, reducing the triple to a double majority. QMV requirements will henceforth be met with (2.1) a majority of member states (55 percent) (2.2) representing 65 percent of EU citizens. Moreover, a blocking minority must have at least four member states. The shift from the "triple" to the "double" majority is likely to lead to different coordination patterns and, in turn, facilitate the formation of different winning coalitions. Formal analyses suggest that the new provisions generate more efficiency – that is, that the new Lisbon Treaty rules allow for quicker decisions and more expedient adoption of legislative acts.<sup>65</sup> Potentially, the most significant consequence of the transition from the Nice to the Lisbon treaty provisions is the reduction in number of member states needed to be part of a successful legislative coalition. Thus the new provisions are supposed to induce the emergence of more compact and "manageable" minimal winning coalitions formed by and around the larger member states. The Lisbon Treaty provisions may therefore help to "speed up" decision-making in the Council, but they also run the danger of alienating the governments of outvoted member states.

Nevertheless, the literature has often contested whether formal voting rules matter at all. Also, under the new rules, a significant share of legislative issues will continue to be coordinated and prearranged ahead of the Council meetings – and thus will be decided under (formal) unanimity. Some argue that consensus in the Council is fostered by a "culture of consensus," which raises concerns about compliance, vote trading, logrolling, or simply by an overall lack of disagreement among the member states. Others reply that even formally unanimous Council votes are negotiated under "the shadow of the vote," which implicitly brings the voting weights and other institutional provisions of QMV back into the equation. In addition, more formal analyses have demonstrated that the apparent consensus emerges from the logic of coalition building in the Council itself. If matters are decided via QMV, individual member states engage in the formation of (blocking) coalitions, and if the opposing coalitions manage to broker a compromise, this also yields consensus between member states.<sup>66</sup> In any case, the rules of the vote have been and continue to be bitterly contested, and so there are sufficient reasons to think they matter and have an impact on policymaking in the EU.

Coalition building in the Council is also volatile, and there are no "natural" or long-term stable coalitions. That said, vote choice might be best conceptualized as having two dimensions of motives. The first dimension involves a more volatile component, structured by the ideological and programmatic alignments of those who hold elected national office. The second dimension is the more or less constant underlying fabric of national economic features and interests, cultural alignments, and so forth that constrains these actors. The empirical literature has isolated a number of historical and contemporary vote patterns that are often not compatible – and may even be contradictory. For instance, members of the "historical alliance" of France, Germany, and often the Benelux countries, have frequently voted together over the past decades. On the other hand, geographic (and allegedly cultural) proximity clearly has an impact on the formation of legislative coalitions, and small countries represent their joint interests in opposition to larger member states. In more

recent searches for a grand issue or division line that structures choices and political competition within the European Council of the heads of state or government, researchers often allude to a meta-issue dividing northern and western member states from their southern and eastern counterparts.

Recent studies have shown, however, that allegedly stable patterns of economic or “national” interests are often modified by the ideological perspectives of the specific national governments represented in the Council. Far from static, the dividing lines are very likely to change when national elections lead to a change of government. Electoral dynamics are thus also a key factor influencing decision-making and the capacity to act in the EU’s intergovernmental bodies.

Given that the Council tends to be pre-arranged and organized “under the shadow of a vote” – and that member states are still inclined to find consensus – country-specific evidence needs to be analyzed with both care and caution. That said, the examples in Figure 1 shed light on the congruence and differences in the voting behavior of Austria, Germany, and the other member states. Taken together the voting patterns and coalition alignments of both countries line up reasonably well. Both Austria and Germany tend to vote together with countries like Croatia, Cyprus, Estonia, Latvia, Lithuania, and Luxembourg. Both tend to disagree more frequently with Denmark, the Netherlands, and the UK, and also with themselves. These findings illustrate that the historical integration coalition of France, Germany and the Benelux countries has significantly eroded, with France only in the midfield and the Netherlands toward the end of the field. Across the 28 EU member

states, empirical analyses of voting behavior in the 7th European Parliament illustrate that Britain and Germany were the two countries most often on different sides of a vote (namely 16 percent of the formal votes). Disagreements between both partners were predominantly centered on issues of constitutional affairs, foreign policy, agriculture, budget, and employment.

## Perspectives

Below the line, the balance of power in the EP and Council and the shifts in institutional competencies facilitate the construction of minimal winning coalitions in both bodies. Within the EP, these coalitions most likely need to include both the EPP and S&D. Formally, a coalition of the social democrats with the “European United Left” (GUE–NGL) and the “Greens” would fall short of a parliamentary majority. In contrast, the EPP could formally, but perhaps not programmatically, support a right-wing coalition with the smaller factions ECR, ALDE, and the Euroskeptic Europe of Freedom and Direct Democracy group (EFDD).

Within the Council, the new procedures of the Lisbon Treaty that entered into force in November 2014 will increase the opportunities for larger member states to blank out the interests of the smaller ones. Both the likely dominance of the centrist coalition in the EP and the increasing weight of the larger member states in the Council could help to further alienate not only the increasing share of euroskeptic voters whose views are not considered in the EP, but also of some of the more euroskeptic, medium-sized and small member states that may be marginalized in the intergovernmental pillar of EU decision-making.

## Patterns of Member State Interaction in the European Union

Almut Möller

Responding to the impact of the financial, economic, and political upheaval of the EU, and the eurozone in particular, member states have returned center-stage in EU policymaking. This is hardly a surprising development in times of crisis. As Yann-Sven Rittelmeyer reminded us in his chapter, member states across Europe have gained both fame and blame over the past years. In an environment of uncertainty, under time pressure, and with a lack of instruments in place, the EU and its common currency would not be where they are today without the willingness of national governments in the European Council to engage, lead, and forge agreement on joint responses.

Needless to say, the EU's intergovernmental modus operandi in past years has also been widely criticized. The heavy focus on intergovernmental decision making behind the well-guarded doors of the European Council has given greater urgency than ever before to questions of democratic legitimacy, transparency, and effectiveness of EU policymaking.

Member states' experiences of both their potential and limitations in shaping EU policy turned out to be very diverse. European governments witnessed both intense moments of power (Germany in particular) and powerlessness (most markedly, in the countries under the support and surveillance programs of the EU and the International Monetary Fund). Questions of national power returned with force and have already left scars between EU capitals.

Ultimately, however, it is not the power of member states that has so far saved the euro from breakup, but rather a policy change undertaken by the European Central Bank. While acknowledging the role that EU institutions other than the European Council and the Council of Ministers played – and continue to play – in shaping the future of the EU, we decided in this compilation to focus largely on the role and potential of EU member states. How do member states respond to the changing nature

of the EU and the overall environment of EU policymaking? To what extent do their role and patterns of interaction differ from previous years? What brings them together, and what divides them? And finally, what does this all mean for the future of member state interaction at such a formative time for the future of the Union as a whole?

Interestingly, none of the contributors fundamentally questioned the role and potential of member states in the EU context – while arguably, in one interpretation, what we see today is the last battle of the EU's nation states for their very existence. Member states continue to be reckoned with. But in what ways? Five major themes emerged in the papers.

### 1. The Overall Political Environment

Member state interaction is influenced by a political environment that is strikingly different from its past iterations. The past years have brought about what Josef Janning branded a “climate change in European integration,” which has led governments to break with traditions of the past. Coalition building among member states continues to play an important role but has emerged as more ad-hoc interaction alongside national approaches – a “horse-trading” exercise, as Katherine Meenan put it. “Given the proclaimed shared values of the Union,” she argues, “there did seem to be an emphasis on achievement, on moving forward. Now negotiations between member states appear to be based on the least each participant feels they can get away with.”

Trust between member states – the indispensable glue needed to bind EU members together especially when there are no rules and procedures in place – has suffered a great deal in the crisis, affecting even long-standing and heavily institutionalized alliances such as the Franco-German coalition. Ireland, in its determination and commitment to overcome the crisis in the very midst of the EU/IMF program, is an example of a country that managed



to recreate trust, suggesting that trust is not static but can be lost and won. In the current EU, however, the Irish example seems rather to be more the exception than the rule.

## 2. The Impact of Politicization

Many if not all of the papers reflect the new degree of politicization that has started to significantly affect the process and the substance as well as the opportunities and the limitations of coalition building. No longer can national governments simply go ahead at the European level to “do what needs doing.” More than ever, they have to keep their electorates engaged, and this can result in both constraints and opportunities for coalition building. In Germany, Angela Merkel managed to win the federal elections in September 2013 with a landslide victory for her conservative party. This strong electoral mandate cemented her clout in the ongoing debate over eurozone governance reform, but it has not translated into an ability to build the critical mass of political support needed to organize the depth of reform that a sustainable currency union needs. The main reason has been a growing asymmetry between Berlin and Paris. President François Hollande currently lacks the domestic support to reform the French economy, and pressure from the nationalist and xenophobic Front National party is growing both at home and in the newly elected EP. As a result, Paris is perceived as too weak to play its traditional tandem role alongside Germany. According to this logic, France would have reconciled the “investment and growth” camp within the eurozone with the “austerity camp” led by Germany, and vice versa. Yann-Sven Rittelmeyer therefore argues that politicization has been detrimental to the functioning of the old Franco-German coalition, damaging the vitality of the Union as a whole.

Katherine Meenan predicts that Euroskepticism across Europe will generally impair the likelihood of future joint endeavors of member states. The Finnish case illustrates this point. Tuomas Iso-Markku and Juha Jokela describe how, under growing Euroskeptic pressure at home, the government in Helsinki had to leave its comfort zone and adopt fundamental changes to its EU approach by

becoming a singled-out veto player in the negotiations over eurozone rescue packages.

The government of Matteo Renzi in Italy, on the other hand, witnessed one of the more empowering effects of politicization. A victory of the prime minister’s party in the European Parliament elections brought Italy back into the core group of shapers of European integration. Now it puts pressure on Renzi to deliver results during Italy’s current Council presidency. Politics matter, and they have an impact on coalition building – but one that member states have yet to further explore. Will their ability to form coalitions ultimately be impaired, or will coalitions turn out to be simply more politicized, with a new political logic replacing the “statecraft coalition logic” of the past organized by diplomatic negotiators and government officials?

## 3. The Big Divisions

While politics increasingly matter, the question is: what are the main areas of political division in today’s European Union? At first sight it looked like the more member states jointly decide over common goods, the more applicable the division between left and right to explaining coalition-building patterns at the EU level. Yet things are not that simple. Roderick Parkes points out that “there cannot be clear political divisions between left and right ... in a multi-vector polity like the European Union,” suggesting that the EU has perhaps become an even more complex animal to grasp. Guido Tiemann shares this more nuanced view in examining future coalitions in the European Parliament, wondering whether the increased clout of Euroskeptic parties in the 8th European Parliament will increasingly draw the lines between nationalist and Europeanist (or decentralized and centralized) views rather than along the left/right divide.

With regard to policy, the most prominent split is the one dividing the eurozone “ins” from the “outs.” While the current shape of a “core Europe” is far from healthy and vibrant, it is clearly seen as the major game in town. Member state interaction is increasingly shaped by a de facto position or aspiration of a member state with regard to

the dynamics in the eurozone core. Paweł Tokarski argues that traditional geographical coalitions such as between Poland (a non-Euro member) and Slovakia (a Euro member) have been recently re-shaped along this dividing line. Finland, the only eurozone member of the Nordic countries, has compromised on its natural role as a bridge between the Nordics and the rest of the EU. This has led the government in Helsinki to focus on content rather than on fixed alliances in order to avoid losing its partners in the EU's northern dimension.

Quite naturally, EU member states both inside and outside of the eurozone are trying to feed their preferences into the current round of governance reform determining fundamental choices of economic and social policy. No doubt, the stakes have become higher, and member states are responding in different ways to this new political environment.

#### 4. New Coalition Dynamics

The EU's economic and political upheaval has also triggered new dynamics in coalition building. France and Italy started with new energy to engage with one another and a wider set of (southern) EU members. Paweł Tokarski points out that it is not Germany's strength and leadership – or lack thereof – that will ultimately decide the future of economic and monetary union, but that of France and Italy. He writes that “paradoxically, Renzi's political strength in Brussels not only stems from the number of his political supporters in Italy and abroad, but also from the scale of the economic and social problems in his country – and his country's systemic importance.” President Hollande in France has been suffering from a weakening of Paris in the old Franco-German alliance, which made him more open to exploring alternative (socialist) alliances. Both Rome and Paris know they are too big to fail, which gives them powerful leverage over the destiny of the eurozone. Berlin started to react to this emerging alliance by bringing Warsaw into the Franco-German context through the Weimar Triangle, by attempting to join the emerging Franco-Italian entente, and by reaching out to Madrid. By January 2015 all of the Baltic countries will have joined the eurozone, creating perhaps new

opportunities for Finland, which had to reconsider its strategies as the only Nordic eurozone member. Will we see new coalition building around the Baltic Sea? These are only a few examples to illustrate that there is, in short, a breath of fresh air.

The question is whether the emerging constellations will result in new coalitions willing and able to constructively shape EU reform. What if these turn out to be too weak – or choose instead to water down or prevent substantive reform? The signs of weakness of France and the UK give particular reason for concern in this regard, as Stefano Milia writes. Roderick Parkes widens this view to the “Big-3,” that is Germany, the UK and France. In his interpretation, the cohesion of these three countries sits at the heart of European integration, which makes it a common good in its own right and one worth preserving. Therefore it should be a crucial field of engagement. One way of keeping the Big-3 engaged in the EU, he suggests, is to incorporate their formats better into the workings of the supranational EU – not an easy argument to make in continental Europe at this point in time.

Germany, then, finds itself “probably in one of the most difficult positions it has been in since the early days of the European project” (Rittelmeyer). German power – regardless of its acknowledged volatility – has created an imbalance that undermined the crucial principle of equality of member states. Analysts have mostly focused on what German power meant for other EU members over the past years, dissecting their strategies in dealing with Berlin. But what should Germany itself do to respond to this imbalance? Rittelmeyer suggests that Germany essentially has two choices if it wants to avoid further burdening European coalition dynamics. It could aspire to a role of “neutral mediator,” for the time being – either by making itself a part of all coalitions or by avoiding engaging in any. Obviously, this would create a tension with the more interest-driven approach Berlin has adopted over the past years. The more promising approach, he argues, would be for Germany to become a bridge between institutionalized and ad hoc coalitions co-existing in today's Union.

## 5. Building Coalitions – but to What End?

Our discussion took as its starting point the assumption that the Union needed further reform and that coalition of member states willing to shape any such attempt were crucial. The question then is to what end member states should lead? Not surprisingly, there was no clear consensus on this question. Stefano Milia placed the Four Presidents' Report of 2012 at the heart of any meaningful attempt at leadership. In this reading, constitutional engineering is back on the EU's agenda. But which member states will be ready to face the task? And what role are the newly elected European Parliament and the Juncker Commission willing to play? Paweł Tokarski argues that, as much as it would be needed, a major reconstruction of the euro area architecture has not been on the cards yet and will have to wait until the next eurozone crisis. Now, at the time of drawing these conclusions, it does feel as if the Union might be headed again toward such state of emergency rather soon. The question is how member states will react – and interact – once the pressure is back. Will they have learned from their past coalition building mistakes?

While the Four Presidents' Report did indeed put the main pillars of a sustainable economic and monetary union on the agenda, the ways and means to achieve them are likely to look different from how they looked in times of treaty change organized by intergovernmental conferences throughout the 1980s, 1990s, and early 2000s. The EU of today is no longer the one we once knew, but there is not yet clarity about the “nature of the beast.” What EU membership will be about in the twenty-first century is in many ways still an open question (or a moving target) – and a question that will have different answers for different EU members in the end.

Much of the old predictability about the channels of influence and power dynamics at work within the EU and between member states has been shaken up in recent years. It seems that member states are still exploring the nature of this new Union and their role in it. In the coming months and years, however, it will be crucial for governments to make a genuine investment into understanding the Union – since those with a true grasp of the game will find it easier to shape the outcome of the major reconstruction of the European Union that is currently underway.

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