



Implications of the Election of a New President of the European Parliament

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In the absence of compromise between the two largest political groups of the European Parliament, the result of the election of its new president, to be held on January 17, is difficult to predict. Victory for the European People's Party's candidate would mark the end of the current balance of power as representatives of EPP would lead the three most important EU institutions: the European Council, the Parliament and the Commission. Only the position of high representative for foreign affairs and security policy would remain staffed by a candidate of the Progressive Alliance of European Socialists and Democrats. The choice of the new head of the EP does not automatically imply a new president of the European Council. Yet it can have consequences for the political situation in Italy, and thus for the future of the eurozone.

Martin Schulz ends his term as president of the European Parliament (EP) in January of this year. His decision to return to German national politics has accelerated the implementation of the deal signed between the Progressive Alliance of European Socialists and Democrats (S&D) and the European People's Party (EPP) after the EP elections in May 2014. Under the agreement, after two and a half years of socialist leadership of the EP, S&D would vacate the presidency for an EPP candidate.

The establishment of this "grand coalition" between the two largest political groups has had a pragmatic, inter-institutional dimension. It allowed the Commission, headed by Christian Democrat Jean-Claude Juncker, to cooperate efficiently with both the EPP and S&D in order to carry out the EU legislative process. However, as emphasised by S&D, the transfer agreement was concluded when arrangements regarding the balance of power in the highest EU positions were different than today. The then prime minister of Denmark, Helle Thorning-Schmidt, was the main candidate to head the European Council on behalf of S&D. The candidacy of Christian Democrat Donald Tusk, who eventually got the post, was approved only in August 2014.

The election of a new EP president requires an absolute majority of votes (376 of 751 in the parliament), which neither the EPP (216), nor S&D (189) possess. Victory for any of the candidates could be guaranteed only by a coalition of the two largest factions, because neither support of liberals from the Alliance of Liberals and Democrats for Europe (ALDE) (68) nor that of the European Conservatives and Reformists (ECR) (74) would give any of the groups the required majority. While the EPP calls for maintaining the unity of the grand coalition and the implementation of the agreement, S&D are opposed to the right's domination of the three main EU institutions, thus breaching the deal. They have also announced that, if the Christian Democratic candidate is elected EP president, they will advocate a change of head of the European Council to a candidate of their choice. An additional variable in talks about the new staffing of the EU institutions is the fact that the two largest factions' candidates for the position of EP president are Italian, which may become a matter of political bargaining on the Italian domestic political scene.

The Main Contenders. EPP's candidate for the position of EP president is Antonio Tajani, who in December 2016 won the primaries in the first round, causing the withdrawal of his remaining party rivals (Irish Mairead McGuinness, French Alain Lamassoure, and former Slovenian prime minister Alojz Peterle). Tajani, coming from the Italian Forza Italia (FI), is currently vice-president of the EP. He is seen in his own faction not as divisive, but as a compromise-builder, with political experience outside the EP as a former commissioner. To differentiate himself from Schulz,

considered by some to be authoritarian, Tajani proposes a change in leadership style and presents himself more as speaker of the house rather than president.

Tajani's reputation is, however, tarnished by his relationship with Silvio Berlusconi, for whom he was a spokesperson, as well as his involvement in the Volkswagen emission scandal. A report published by the EP points to negligence during Tajani's time as commissioner for industry and entrepreneurship responsible for a series of regulations on the production of cars. Among other things, the report mentions that warnings about car companies using special equipment to falsify emission tests were ignored.

Tajani's main rival is S&D leader Gianni Pittella, who, by announcing his candidacy to succeed Schulz, confirmed the rupture of the previously concluded agreement on the transfer of authority to EPP. Although not selected in a democratic vote, Pittella has quite a strong position in the S&D, as confirmed by his recent reappointment as the head of the group. As a loyal collaborator of Schulz, whom he credits with strengthening the role and prestige of the Parliament, Pittella favours the continuation of his predecessor's line, yet undermines the need for parliamentary cooperation with the EPP. Opposing restrictive fiscal policy supported by the centre-right, he counts on the endorsement of left wing deputies, potentially with the Greens and the European United Left (GUE/NGL).

In the midst of the disagreement between the EPP and S&D, a third candidate with a chance for the top EP post is the leader of the liberal group, Belgian politician Guy Verhofstadt. Although at the ALDE convention before the December 2016 European Council he obtained the backing of liberal EU governments and several major EU commissioners, it is quite unlikely that his radical ideas on the federalisation of the EU would win enough supporters in the EP at a time when the legitimacy of the European project is in crisis.

Italian Background. Choosing Tajani as the EPP's candidate for the post of president of the EP may be associated with the internal political dynamics in Italy, and signal Berlusconi's return to the mainstream of European politics. Matteo Renzi's defeat in the recent constitutional referendum in Italy has increased the risk that the populist Five Star Movement (M5S second place in the polls with the support of 28%), which postulates Italian withdrawal from the eurozone, will come to power. By selecting a member of FI and a trusted associate of Berlusconi, the Christian Democratic MEPs, including delegates from Angela Merkel's CDU/CSU, legitimised Berlusconi's increasing influence in the EPP. There is speculation that, in exchange, Berlusconi committed not to forge a coalition within the EP with right wing radicals of the Northern League and Marine Le Pen's National Front, and to support pro-European forces in future Italian elections. The promise of a national coalition of FI (12% support in the polls) with the left wing Partito Democratico (30%), preventing the populists from winning, would be expected to persuade Italian MEPs (the largest national delegation in S&D) to support Tajani. It is likely that this would also mean the EPP making additional concessions to S&D, in terms of filling lower but important positions in the EP, from vice-presidents through heads and deputy heads of committees to the quaestors.

Paradoxically, strengthening Berlusconi's camp and ensuring moderate and pro-European rule in Rome would play into the hands of Germany, for whom the indebted and stagnant Italy now represents a major problem in maintaining the stability of the eurozone.

Scenarios and Consequences. According to S&D's declarations, Tajani's victory will increase the pressure for a change of European Council president in order to strike a new balance between the political forces of the EU. In this scenario, Donald Tusk, whose term expires in June 2017, would be replaced by an S&D candidate. According to some sources, this could be a Maltese Joseph Muscat or Portuguese António Costa. However, Tusk's position does not seem seriously threatened, for at least several reasons. First, the dominance of one political camp at the EU helm does not constitute a precedent. The Christian Democrats have already held a monopoly in top European positions, with Barroso, Van Rompuy and Buzek (yet the EPP had at that time greater representation in the EU). Second, S&D candidates would hold the positions of high representative for foreign affairs and security policy, and deputy president of the Commission (the latter post is currently held by Federica Mogherini). Third, the election of the president of European Council requires a qualified majority, and Tusk still has strong support from Germany, the United Kingdom and Spain. In the case of France, one must reckon with a Christian Democrat victory in the upcoming presidential election, which would imply Paris' support for Tusk. After the resignation of Renzi and the position of EP president being taken by an Italian, Tusk would most likely also receive the backing of Rome.

In the event that S&D and the EPP fail to reach a pre-election agreement, the prospect of a Pittella victory should not be dismissed. Whereas in the first three rounds of voting the winning candidate must obtain an absolute majority of EP votes, in the fourth round the winner needs a simple majority. That may be easier to obtain for Pittella than Tajani. Assuming that each delegate votes according to their group's line, both the EPP supported by the ECR, and S&D with the support of the Greens and the GUE/NGL, can count on 290 votes. In this case, the position of the ALDE will be decisive. Analysis of voting behavior in the EP, and the fact that Verhofstadt sees Pittella rather than Tajani as a guarantor of maintaining his own strong position in the EP, indicate that support from this camp will fall to S&D.