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BLOG
— POST

Commonalities and fault lines in EU economic policy visions:

Analysis of the main party manifestos for the 2024 elections



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• Introduction

This blogpost analyses the electoral manifestos published by the main European parties ahead of the 2024 European elections. After a brief general overview, it focuses on the manifestos' economic policy chapters. The blogpost presents the party positions on six economic key issues that included in the manifestos, covering fiscal, monetary and regulatory policies: EU budget and investment plan, EU taxation and tax harmonization, European economic governance, monetary policy, Single market, and trade policy. It concludes with an outlook of what the commonalities and fault lines in the different EU economic policy visions imply for the next five years.

I • The 2024 European parties' electoral manifestos – an indicator for the growing importance of Europe

For the European parliamentary elections 2024, six of the seven main political groups represented in the hemicycle have published electoral manifestos¹. From the far-left to

¹ Smaller European parties such as Volt Europa and the European Democratic Party (EDP) have also published electoral manifestos but are not part of this analysis.

the right, these are the European Left party (EL), the European Green Party (Greens), the Party of European Socialists (PES), the Alliance of Liberal and Democrats for Europe party (ALDE), the European People’s Party (EPP), and the European Conservatives and Reformists Party (ECR). While the far-right and starkly euro-sceptic Identity and Democracy party (ID) continues to not publish an electoral manifesto at the European level, ECR has adopted a manifesto, in contrast to the European elections five years ago.

TABLE 1. Electoral manifestos of European parties

Party name	EL	Greens	PES	ALDE	EPP	ECR
Party manifesto length in number of words (2024)	6387	20211	4261	7247	12895	2013
Comparison to 2019	(+94%)	(+171%)	(+107%)	(+27%)	(+97%)	-

▲ Source: Own analysis based on the 2019 and 2024 electoral manifesto

The European parties’ manifestos for the upcoming 2024 EU parliamentary elections are considerably more detailed than the ones presented for the previous 2019 elections (see Table 1). All manifestos, other than the relatively short one adopted by ECR, reach more than 20 pages. In comparison to 2019, the word count of the various manifestos almost tripled for the Greens, roughly doubled for EL, PES and EPP, and increased by more than a quarter for ALDE. In my view, this illustrates the growing importance and politicization of the EU polity and EU policymaking, a process which has been further accelerated by the various crises that have hit the European continent since the last European elections.

Introduced for the 2014 EU parliamentary elections, the ‘lead candidate’ (*Spitzenkandidat*) -principle consolidated with the 2024 electoral campaign (see Table 2) despite the failure of EPP lead candidate Manfred Weber to be elected as the new EU Commission President following his party’s victory at the 2019 elections. While in 2019, six of the seven EU parties had presented one or several lead candidates, five of them did so in 2024. In contrast to the previous elections, this time only the European Greens presented more than a single lead candidate.

TABLE 2. Lead candidates of European parties

Party name	EL	Greens	S&D	ALDE	EPP	ECR
2024 Lead candidates	Walter Baier	Terry Reintke, Bas Eikhout	Nicolas Schmit	Marie-Agnes Strack-Zimmermann	Ursula von der Leyen	-
2019 Lead candidates	Violeta Tomic, Nico Cue	Ska Keller, Bas Eikhout	Frans Timmermans	Marie-Agnes Strack-Zimmermann, Valérie Hayer, Sandro Gozi	Manfred Weber	Jan Zahradil

▲ Source: Public information provided by the parties

II • Commonalities and fault lines in European economic policy visions

In the following subsections, this blogpost analyses the key economic policy proposals of the six electoral manifestos presented above. For each of the six principal areas, it identifies several subordinate topics. Elaborating on these ideas, the analysis highlights the commonalities and fault lines in the economic policy plans of the main European parties.

I EU BUDGET AND INVESTMENT PLAN (EU FISCAL POLICY)

The analysed electoral manifestos are split on the question whether the EU needs additional budgetary capacities for the EU budget or via a new European investment plan. The European Left, e.g., calls for a “massive investment spending plan that requires mobilizing financial resources that exceed the EU budget and [Next Generation EU (NGEU)] many times over.” The Greens equally stress the need for a new major European investment plan, providing the most detailed proposal of all analysed manifestos. In their view, the plan should amount to at least 1% of EU GDP annually and be mainly financed by EU borrowing. Called the ‘green and social transition fund’, this plan is supposed to finance various infrastructure, manufacturing, training, and social programmes to achieve the green transition. The proposal also suggests that the EU should act as a public investor and apply social conditionalities. PES advocates for an investment plan for the green and digital transitions, as well as for a permanent EU investment capacity in a more ambitious European budget. The PES proposals are, however, not detailed any further in terms of scope and eventual financing. On the right of the political spectrum, the EPP wants to launch an “investment plan for European quality jobs” with the EU and its member states reaching a combined investment of 4% of GDP”. The European dimension of such a plan remains, however, vague.

Some manifestos do not see a need for additional European investment capacities (ALDE, ECR). ALDE rather wants to speed up the spending of EU budget and NGEU funds and consolidating the multitude of existing “budgetary programmes, funds, and facilities”. This concern for the simplification of the functioning of the EU budget is shared by EPP, calling for simpler rules especially in the area of cohesion policy. Beyond simplification, some of the manifestos advocate for a reorientation of existing funds and programmes towards different priorities. ALDE want to prioritize spending in the dual transitions, resilience, and security, also calling for more earmarking of EU resources, e.g. from ETS and CBAM. Both the PES and the EPP want to rework EU public procurement, with stricter procurement rules (PES) and the promotion of “joint European public procurement for common large-scale purchase of services or goods” (EPP).

Some of the electoral manifestos refer to European instruments developed during the Covid-19 crisis, calling for the transformation of the Recovery and Resilience Facility (RRF) into a permanent EU mechanism (EL) and for making use again of a SURE-like instrument (European instrument for temporary support to mitigate unemployment risks in an emergency) in the case of future crises (PES). The Greens, in turn, “push to massively increase the size of the EU social climate fund.”

I EU TAXATION AND TAX HARMONIZATION (EU AND NATIONAL FISCAL POLICY)

Almost all electoral manifestos of the European parties took position regarding EU-wide taxation and the harmonization of national taxes. Especially parties from the left side of the political spectrum propose a broad set of new EU-level taxes. The European Left, Greens and Party of European Socialists are in favour of wealth taxes, windfall taxes on excessive profits in specific policy areas (defense, energy, etc.) and a financial transactions tax. The manifestos also include calls for a “progressive cloud tax on digital platform revenues” (EL), effective taxes on capital and capital gains (PES, Greens), as well as an “extension of the carbon border tax” and a broader “scope of existing taxes on plastics (Greens). In terms of tax harmonization across the EU, common minimum taxation levels are demanded by European Left for profits and large assets and by the Greens for capital gains, while ALDE supports the “implementation of the Common Consolidated Corporate Tax Base.” While the EPP manifesto remains largely silent on taxation, the ERC manifesto stresses the need to preserve national fiscal autonomy and non-interference in tax questions. EL, Greens, PES and EPP all mention the need to fight against tax evasion, e.g. based on the use of tax havens or fraud.

I EUROPEAN ECONOMIC GOVERNANCE (NATIONAL FISCAL POLICY)

The management and coordination of national fiscal policies in the framework of the European Economic and Monetary Union (EMU) remains a prominent issue for the 2024 European parliamentary elections even after the recent reform of the Union’s Stability and Growth Pact (SGP). Especially parties from the left political spectrum call for a flexibilisation of the rules restricting national fiscal policymaking. Most radically, the European Left wants to abolish the European fiscal rules and replace them with a “new pact focusing on social and environmental restructuring, allowing expansionary and countercyclical policies.” In a more attenuated manner, the European Greens call for a revision of the existing Maastricht treaty and SGP rules and the introduction of a ‘green golden rule’, which would exclude green investment from the fiscal rule limits. Also ALDE wants to see further adaptations of the SGP, pleading for rules that “incentivize countries to reorient public investments towards the sustainable and digital transition” while also stressing the need of “promoting healthy and prudent fiscal policies.” The latter point is also something highlighted by EPP.

I MONETARY POLICY

Monetary policy and the role of the European Central Bank (ECB) in the EMU are a major part of the electoral campaigns of EL and Greens, while not featuring explicitly in the other party manifestos. Both parties want to amend and/or expand the ECB’s monetary policy mandate. The Greens call for the introduction of a full employment objective next to the existing price stability objective, similar to the dual mandate of the US Federal Reserve. The European Left wants to expand the ECB objectives to include the “financing of public spending programmes and the creation of good jobs.” Especially, the first part would imply a far-reaching change in the existing ECB mandate, directly financing states at an 0% interest rate. Beyond that, EL is in favour of a “debt restructuring programme that includes the monetization of public debt acquired by the ECB, with retrocession of interest in exchange for social conditionality.” Regarding the ECB’s interest rate policy, both EL and Greens propose that the central bank should make use of

differentiated interest rates to encourage the financing of societally and environmentally desirable objectives and disincentivize harmful private investment.

I SINGLE MARKET

In line with the general revival of industrial policy in Europe, all of the analysed party manifestos present their vision on EU industrial policy and how it should relate to the Union's competition policy framework. A majority of parties sees the need to revise competition policy with a view of facilitating the use of state aid. The EL programme urges to "exempt public housing from internal market and competition rules", the Greens call for a revision of state aid rules to foster green investment, PES advocates for a new competition policy approach that allows to level the "global playing field for European industries", while EPP wants to pursue an industrial/competition policy mix that allows for "the creation of European champions to compete at global level". Interestingly, EPP calls for an ambitious EU industrial policy, which "must serve strategic sectors of the economy" and ensure the Union's economic security. Both the Greens and ALDE are concerned about potential negative side effects of a more active industrial policy for the functioning of the Single Market, with the latter arguing against "a generalization of national subsidies that risk fragmenting the Single Market." To deal with this concern, PES, ALDE and EPP stress the importance of joint, cross-border industrial projects of common European interest, with PES explicitly demanding joint financing for such projects. Especially the electoral manifestos of the center-right of the political spectrum mention the Single Market's financial services sector. Both ALDE and EPP call for a deepening/completion of the EU's Banking Union and Capital Markets Union, seeing this also as a means of strengthening the private financing of the green transition and other common European objectives. The European Greens equally highlight the need for the introduction of a common deposit insurance system to complete the EU's Banking Union.

I TRADE POLICY

In the trade policy area, there are different approaches to the further development of trade and investment agreements with the rest of the world. The European Left rejects the "neoliberal system of free trade agreements" and wants to cancel all existing EU free trade agreements (FTAs) with the Global South and replace them with international agreements on more egalitarian terms. The Greens advocate to only do new trade deals with third countries that "implement the Paris Agreement." The more centrist and right-wing parties (ALDE, EPP, ECR) suggest, in principle, to further advance on free trade agreements, but call for a differentiation between more and less 'friendly' countries. ALDE calls for the negotiation of more and deeper agreements with "open, market-based economies" such as the USA, Australia, countries of the Mercosur and Indo-Pacific region, and "selected African partners," as well as to conclude and ratify already negotiated trade agreements. Similarly, the EPP wants to "foster dynamic relationships with strategic allies (USA, UK, Latin America Indo-Pacific region), while the ECR wants to "foster a special cooperation with like-minded partners in a Union of Democracies." China is highlighted as a competitor rather than a partner by these manifestos.

The issue of economic security is mentioned, e.g. by referring to security of supply, de-risking, and diversification, in the electoral manifestos of PES, ALDE, EPP and ECR. PES highlights the need to deliver "security of supply in energy, raw materials, tech-

nologies, medicines and food,” while ALDE calls for the establishment of an economic security council with European partner countries and a reduction of dependencies on regimes that do not share European values. Both ALDE and EPP also highlight the need for reciprocity in trade and investment agreements.

A final key point stressed in a majority of electoral manifestos is the use of conditionalities in future EU trade policy, in lined with European or international interests, values and standards (Greens, PES, EPP, ECR). The European parties differ mainly on the focus of these conditionalities. The Greens, e.g. urge for a reshaping of FTAs towards the green transition, with “binding and sanctionable sustainability provisions.” PES explicitly mentions social and labor standards, while EPP adds the rule of law. Human rights and the green transition are also mentioned by the PES and EPP. The ECR remains vague regarding the values and norms to be defended at the international stage. Regarding the WTO, finally, the Greens and the EPP seek to reform it, while ALDE simply calls for adherence to existing WTO rules.

III • Overall assessment of the manifestos and outlook on future EU economic policymaking

The analysis of the previous section highlights the commonalities and fault lines of economic policy visions between the main European parties. It provides interesting insights in the issues and frames presented in the different manifestos for the 2024 EU parliamentary elections. Equally interesting to consider are on what issues the European parties remain silent, either because of a lack of focus or due to internal disagreements.

An overall assessment of the positions presented in the six areas of EU economic policymaking has to point out the relatively strong cleavage between the left and (economically) right part of the political spectrum. EL, Greens and PES are all in favour of more EU spending/investment capacities and equally also promote the introduction and strengthening of EU taxes and an upward harmonization of national tax regimes across the Union. ALDE and ECR are explicitly arguing against an increase of the EU budget, a new EU investment plan and do not want to give tax powers to the EU, while EPP does not take a clear stance on these issues. The relatively strong left-right cleavage regarding EU fiscal policy means that the next five years will likely see a major political conflict around the size of the next multiannual financial framework and a potential successor to NGEU.

There might be more political room for maneuver in the areas of the functioning of the EU budget and European economic governance. Different proposals regarding the simplification and reorientation of the EU budget are less mutually exclusive and concerns about the design of EU fiscal rules are at least partly shared across party lines. Regarding monetary policy, while there is a strong convergence between EL and Greens around numerous reform proposals for the ECB (changes to the ECB mandate, differentiated interest rates), there seems to be little appetite from other European parties (even PES) to invest political capital in a major reform of the ECB mandate.

More political space for changes in EU economic policy, based on the analysis of the electoral manifestos, exists in the area of the Single Market. The recalibration between competition and industrial policy towards a more active industrial policy does not seem to be hindered by a strong left-right cleavage. While the extent of ambition differs

between the various manifestos, there is a common acknowledgement of the need to level the global playing field for European industries that extends from the Greens over PES to EPP. To address potential risks for the Single Market there is a consensus across the more centrist European parties to develop European instead of national industrial policy projects. There is also agreement among these parties about the need to further integrate European financial markets and regulation by completing the EU's Banking Union and advance on the Capital Markets Union. This consensus, however, might be quite superficial as the electoral manifestos in this policy area remain brief.

Regarding EU trade policymaking finally, there are important fault lines but also commonalities between the different electoral manifestos. A quite strong left-right cleavage exists regarding the negotiation and ratification of new or reinforced FTAs, with the right side of the political spectrum, in principle, favorable of such an approach. While only EL is opposed to the traditional EU approach to trade policy, the more center-left parties remain relatively silent on the future direction. There is considerably more consensus on the need for reinforcing the EU's economic security, seeing the ensuring of security of supply, de-risking and diversification as key objectives of future trade policymaking. There is also broad agreement on using the Union's trade policy to enforce European interests, values, and standards via conditionalities. There is a broad overlap among the manifestos in the values to be promoted by the EU in its economic policymaking.

To sum up, the analysis of the European parties' electoral manifestos suggests that, during the next legislature, we might see EU economic policy advances especially in the areas of EU budget design/management, European economic governance, industrial policy, financial market integration and in EU trade policy design. It will be more difficult to move forward in the areas of EU fiscal policymaking (both on the expenditure and revenue sides) and the agreement on new EU trade agreements.

As a concluding remark, it needs of course to be highlighted that the newly elected European Parliament will remain highly dependent on the positions of the Member States in the Council of the EU and to which extent they will be able to overcome cleavages that might be less present in the European party system, which is generally more favorable of EU integration and joint action than the Council.

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