


# EU-27 WATCH



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# EU-27 Watch

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## On the project

Due to the new treaty provisions of the Lisbon Treaty and the economic crises the enlarged EU of 27 member states is on the search for a new modus operandi while also continuing membership talks with candidate countries. The EU-27 Watch project is mapping out discourses on these and more issues in European policies all over Europe. Research institutes from all 27 member states and the four candidate countries give overviews on the discourses in their respective countries.

The reports focus on a **reporting period from December 2009 until May 2010**. This survey was conducted on the basis of a questionnaire that has been elaborated in March and April 2010. Most of the 31 reports were delivered in May 2010. This issue and all previous issues are available on the EU-27 Watch website: [www.EU-27Watch.org](http://www.EU-27Watch.org).

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**Austria****The Greek tragedy, European economic policy and Austria**

Hakan Akbulut\*

The ruling Social Democratic Party (SPÖ) and the People's Party (ÖVP) have been defending the aid package to Greece, saying it was a necessary and indispensable measure. They have also repeated that not only Greece but also the Euro was at stake and that not helping Greece would be much costlier than providing the levels of aid agreed upon.<sup>1</sup> Finance Minister Josef Pröll from the ÖVP pointed to credits granted by Austrian banks to Greece amounting to 5 billion Euros in order to underline the necessity of the aid package, while the Governor of Austria's Central Bank (OeNB), Thomas Nowotny, termed the package a "vaccination" which should help others forgo infection.<sup>2</sup> The ruling parties also emphasised that Greece had agreed to adopt and implement "harsh" austerity measures, which constituted a pre-condition for receiving the aid promised. Both the Alliance for the Future of Austria (BZÖ) and the Freedom Party (FPÖ) opposed the aid package, arguing that Greece would never be able to pay back the money of the Austrian taxpayers. In contrast, the Greens welcomed the aid package, arguing that otherwise a chain reaction could be set off entailing the necessity for additional aid packages for banks and leading to a devaluation of the Euro.<sup>3</sup> The President of the Austrian Trade Chamber (WKO), Christoph Leitl, also publicly supported the aid package, warning against a possible conflagration.<sup>4</sup> As for the public, according to a poll conducted among 500 Austrians for the magazine Profil, they are divided on the issue.<sup>5</sup> While 48 percent of the respondents stated that they supported financial aid to EU countries facing severe problems, 42 percent indicated that they opposed the idea.

Whereas the way the EU finance ministers reached the decision on Greece was not a topic of controversy in the related debate, the question arose as to whether the government could make such financial commitments without involving the parliament. The coalition partners ÖVP und SPÖ argued that the so-called *Zahlungsbilanzstabilisierungsgesetz* – a federal law adopted in 2009 in the face of the banking crisis which allows the finance minister to offer financial aid to countries Austria is economically closely associated with – provided the legal basis for the commitments made.<sup>6</sup> However, as the bill only allowed for transfers amounting to 2 billion Euros to a single country and Austria had accepted a credit line of 2.3 billion Euros in the case of Greece, the bill required amending. The opposition parties, on the other hand, argued that the aforementioned bill did not authorise the government to make such financial commitments and that additional parliamentary authorisation – that is to say a new law – was required. The Freedom Party had even been demanding a referendum on the issue. Nevertheless, the government, having the majority in parliament, changed the bill raising the credit line to 2.3 billion Euros.<sup>7</sup>

Both FPÖ and BZÖ have been claiming that Greece had joined and remained in the Monetary Union by providing false data to the Union. Moreover, from the very beginning of the crisis, the FPÖ has been demanding that Greece should be ejected from the Monetary Union. Member of European Parliament (MEP) Andreas Mölzer (FPÖ) argued that the current system was not viable and maintained that two different currency areas should be established – a hard currency region including countries like Germany, Austria and the Netherlands vs. a soft currency region with members like Greece, Spain or Portugal.<sup>8</sup> From the point of view of the BZÖ, Greece should leave the Monetary Union, though on a voluntary basis. While the ruling parties do not support the idea of throwing countries out of the Monetary Union, the German proposal to revoke the voting rights of countries that do not stick to the stability criteria is not rejected. Overall, all political actors have been calling for better control and monitoring mechanisms. In line with this, Finance Minister Josef Pröll (ÖVP) called for more powers for Eurostat and for the ECB to scrutinise the budgetary situation of member states and the data they provide, which should enable the Eurogroup to propose corrective measures at an early stage.<sup>9</sup>

There seems to exist a general understanding that further fiscal and economic coordination and stricter supervision are required on a European level. MEP Hannes Swoboda even stated that a common economic government constituted a necessity.<sup>10</sup> In a similar fashion, the President of the Austrian Federal Economic Chamber, Christoph Leitl, called for a common and binding economic policy.<sup>11</sup> At the same time, phrases such as deepening coordination and cooperation seem to require

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further specification and detailing, except for when used with general demands and ideas such as establishing a financial market supervision system on a European level, introducing a financial transaction tax and founding a European rating agency and an EU Monetary Fund. However, as the discussions on the Europe 2020 Strategy show, too much interference in budgetary and economic affairs does not seem to be desired.

While the reaction of the ruling parties to the Europe 2020 Strategy was positive in general, together with the opposition parties they criticised certain centralistic tendencies in the paper.<sup>12</sup> Ewald Stadler (BZÖ) argued the paper was reminiscent of economic plans presented by the communist party in the former Soviet Union. In the view of MEP Mölzer (FPÖ), the strategy de facto introduced a European economic government.<sup>13</sup> Apart from that, the parties in the parliament concurred that social aspects (especially poverty) were not paid due attention in the Strategy. According to the Green MEP Lunacek, the Strategy constitutes a repetition of the very same ideas and defects of the Lisbon Strategy by focusing on Gross Domestic Product growth, neglecting social aspects, and lacking binding goals.<sup>14</sup> In a similar fashion, the Strategy was criticised by the Austrian Trade Union Federation (ÖGB) for not paying due attention to the creation of new jobs and to job quality.<sup>15</sup> The reaction of the WKO was in general positive.<sup>16</sup>

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<sup>1</sup> See for example Der Standard, 4 May 2010.

<sup>2</sup> Die Presse, 23 April 2010.

<sup>3</sup> Der Standard, 29 April 2010.

<sup>4</sup> WKO: Leitl zu Griechenland: "An gemeinsamer EU-Wirtschaftspolitik führt kein Weg mehr vorbei", 29 April 2010, available at: [http://www.ots.at/presseaussendung/OTS\\_20100429\\_OTS0183/leitl-zu-griechenland-an-gemeinsamer-eu-wirtschaftspolitik-fuehrt-kein-weg-mehr-vorbei](http://www.ots.at/presseaussendung/OTS_20100429_OTS0183/leitl-zu-griechenland-an-gemeinsamer-eu-wirtschaftspolitik-fuehrt-kein-weg-mehr-vorbei) (last access: 4 May 2010).

<sup>5</sup> Cf. Die Presse, 20 May 2010.

<sup>6</sup> Der Standard, 29 April 2010.

<sup>7</sup> Die Presse, 19 May 2010.

<sup>8</sup> FPÖ: Mölzer: Kerneuropäische Hartwährungszone als Ausweg aus der Euro-Krise, 3 May 2010, available at: <http://www.fpoe.at/news/detail/news/moelzer-kerneuropaeische-hart/> (last access: 4 May 2010).

<sup>9</sup> Der Standard, 7 May 2010.

<sup>10</sup> Der Standard, 3 March 2010.

<sup>11</sup> Ibid.

<sup>12</sup> Parlament der Republik Österreich: Kritische Stimmen zur Strategie Europa 2020, 24 March 2010, available at: [http://www.parlament.gv.at/PG/PR/JAHR\\_2010/PK0190/PK0190.shtml](http://www.parlament.gv.at/PG/PR/JAHR_2010/PK0190/PK0190.shtml) (last access: 20 May 2010).

<sup>13</sup> FPÖ-Parlamentsklub: Mölzer: EU2020-Strategie darf nicht nationalstaatliche Restsouveränität aushöhlen, 3 March 2010, available at: [http://www.ots.at/presseaussendung/OTS\\_20100303\\_OTS0141/moelzer-eu2020-strategie-darf-nicht-nationalstaatliche-restsouveraenitaet-aushoehlen](http://www.ots.at/presseaussendung/OTS_20100303_OTS0141/moelzer-eu2020-strategie-darf-nicht-nationalstaatliche-restsouveraenitaet-aushoehlen) (last access: 4 May 2010).

<sup>14</sup> Die Grünen: Lunacek zu Barroso: Alte Lissabon-Ideen statt Grüner New Deal, 3 March 2010, available at: [http://www.gruene.at/europaeische\\_union/artikel/lesen/56208/](http://www.gruene.at/europaeische_union/artikel/lesen/56208/) (last access: 10 May 2010).

<sup>15</sup> ÖGB Europabüro: DGB und ÖGB kritisieren geplante Ausgestaltung von EU 2020-Strategie, 23 April 2010, available at: [http://www.oegb-eu.at/servlet/ContentServer?pagename=S05/Page/Index&n=S05\\_6.2.a&cid=1271946129681](http://www.oegb-eu.at/servlet/ContentServer?pagename=S05/Page/Index&n=S05_6.2.a&cid=1271946129681) (last access: 4 May 2010).

<sup>16</sup> Der Standard, 3 March 2010.

## Questionnaire for EU-27 Watch, No. 9

Reporting period December 2009 until May 2010 – Deadline for country reports 21 May

**All questions refer to the position/assessment of your country's government, opposition, political parties, civil society organisations, pressure groups, press/media, and public opinion. Please name sources wherever possible!**

### 1. Implementation of the Lisbon Treaty

On the 1 December 2009 the EU-reform ended with the entering into force of the Lisbon Treaty. However, the new treaty provisions still have to be implemented. Some procedures and conditions have to be determined. In other cases, procedures, power relations, and decision-making mechanisms will change due to the new provisions.

- How is the work of the new President of the European Council, Herman Van Rompuy, assessed in your country? Which changes to the role of the rotating council presidency are expected?
- How is the work of the new High Representative of the Union for Foreign Affairs and Security Policy, Catherine Ashton, assessed in your country? Please take into particular consideration both her role within the European Commission and her relationship to the Council of the European Union.
- On 25 March 2010 a "Proposal for a Council Decision establishing the organisation and functioning of the European External Action Service" was presented. How is this concept perceived in your country? Which alternatives are discussed?
- On 31 March 2010 the European Commission presented a proposal defining the rules and procedures for the European Citizens' Initiative (ECI). What are the expectations for the ECI in your country? What are the various positions concerning the rules and procedures?

### 2. Enlargement and European Neighbourhood Policy

The European Commission has given its opinion on Iceland's application for EU-membership and a decision from the Council is expected before the end of June. Croatia seems to have settled its border dispute with Slovenia. Against this background:

- Which countries does your country expect to become members of the European Union in the next enlargement round? What are the opinions in your country on the membership of these countries?
- How are the membership perspectives of those countries discussed, which are not expected to become a member in the next enlargement round?

The Eastern Partnership and the Union for the Mediterranean were the last major projects dealing with the European neighbourhood:

- How are these projects assessed in your country?

### 3. European economic policy and the financial and economic crisis

The European Council agreed on 25/26 March on the key elements of the Europe 2020 strategy, the successor of the Lisbon strategy. While not being on the formal agenda the economic and financial situation in Greece was discussed. The European Council agreed on a finance package combining bilateral loans from the eurozone and financing through the International Monetary Fund.

- How is the finance package for Greece assessed in your country? Are there any opinions on the process, how the agreement on the package was reached?
- Which lessons should be drawn from the Greek case for a reform of the Stability and Growth Pact?
- How is the idea of "a strong coordination of economic policies in Europe" perceived in your country? What concepts of an European economic governance are discussed in your country and which role do they assign to the Euro group?
- How is the Europe 2020 strategy discussed in your country? What are the priorities for the Europe 2020 strategy from your country's perspective?

### 4. Climate and energy policy

The climate conference in Copenhagen took note of the Copenhagen Accord but did not reach a binding agreement. The next conference of the parties (COP 16 & CMP 6) will take place at the end of November 2010.

- How is the Copenhagen conference assessed in your country? Please take into consideration the negotiation strategy of European Union and the results of the conference.
- Does the European Union need to change its own energy and climate policy in order to give a new impulse to the international negotiations?
- Is a global agreement within the UNFCCC the best strategy to fight climate change? If not, which alternative strategy should the European Union follow?
- What is your country's position on financing mitigation and adaptation efforts in developing countries?

### 5. Current issues and discourses in your country

Which other topics and discourses are highly salient in your country but not covered by this questionnaire?