Philosophy, Economics and Politics: Current Debates

Jaromír Baxa, Vilém Semerák (IES FSV UK)

About this course

Simulated negotiation of the resolution of one of the current events.

The purpose of this game is to

1. understand the obstacles of negotiations of political and economic agreements.
2. learn negotiation techniques.
3. broaden and deepen understanding of the EU affairs
4. learn how to write short policy papers

Moodle site: https://dl1.cuni.cz/course/view.php?id=11874

About this course

Three parts:

1. Four lectures
2. The game
   a. Formation of the teams + formulation of the strategy
   b. Position papers and voting of alternative proposals to be elaborated
   c. Policy proposals and voting of the final solution
3. Follow-up: Debrief and short essays.

Topics for 2021

1. Nord Stream 2 and the European Energy Policy: Shall the pipeline be approved?

2. Brexit: Shall the EU allow frictionless trade in financial services with the U.K.?

3. EU - China Investment Agreement: Should the deal be approved?

4. Covid-19: How should the EU react in the future pandemics?

5. Tax harmonization in the EU: Shall the EU harmonize the corporate tax and introduce the digital tax?

Structure of the Game

Groups

1. European Commission (organizes the negotiations)
2. Selected EU countries
3. Reuters agency (Teachers)

Group members selected by the teachers

Roles within groups:

- Analysts (prepare the analytical report and provide decision makers with necessary facts and background knowledge)
- Decision makers (responsible for voting and negotiations between groups)
- Chair of the session (role associated only to European Commission group – responsible for chairing the sessions)

Structure of the game

First round: Position papers

- Elaboration and presentation of position papers
- Review of position papers by other groups
- Voting on a set of potential solutions

Each alternative proposal is accepted if not vetoed by any other group. Note that at this stage the group does not have to accept the alternative as such but it can express conditions upon which any alternative could be accepted. The veto shall be used if and only if the proposal is clearly unacceptable for the group. Each group must vote for "yes" or "no", no neutral position possible.

Other voting rules are possible as well if they gain unanimous support.

Structure of the game

Second round: Policy proposals and final decision

- Elaboration and presentation of policy proposals
- Review of policy proposals by other groups
- Voting on a set of potential solutions

The proposal is accepted if not vetoed by any other group.

Hence, the solution has to be accepted unanimously.

Evaluation

Graded activities	Points
Position paper	0-20
Voting on the position paper (10 - losing the vote; 15 – proposal of a group elected)	10/15
Policy proposal	0-20
Voting on the policy solution proposal (10 - losing the vote; 20 – proposal of a group elected)	10/20
Written personal assessment - short essay	0-15
Compliance of the deal with group´s main goals	0-10
Bonus points for extraordinary performance (Excellent presentations or policy proposal & Identification of invalid arguments of other groups.)	0-10

Free-rider problem

What if a member of your team does not collaborate?

1. Inform the free-rider via email (there must be evidence of the conversation) that you demand his active cooperation. Describe the amount of work necessary for the assignment, division of labor within your group and therefore his duties.
2. If nothing happens, inform us and forward us your mutual communication proving his unfulfilled duties, please. There must be of course evidence about the division of labor, therefore we recommend you always to inform each other about your mutual duties via email.
3. If the evidence is conclusive then we take adequate action - that is no points for free-rider for the common activities.

Introducing the topics for 2021

Topic 1: Nord Stream 2

GAZPROM, supported mainly by Germany and German corporations, almost finished Nord Stream 2 pipeline.

Purposes:

- Boost supply to the EU
- Russia: Bypass Ukraine
- Germany: Secure natural gas

Protests from Ukraine, Poland, Baltics + U.S. sanctions; but no clear position of the European Commission

Lectures: EU's competencies, energy policy, foreign policy and climate policy.

Teams: EC, EP, DE, PL, FR

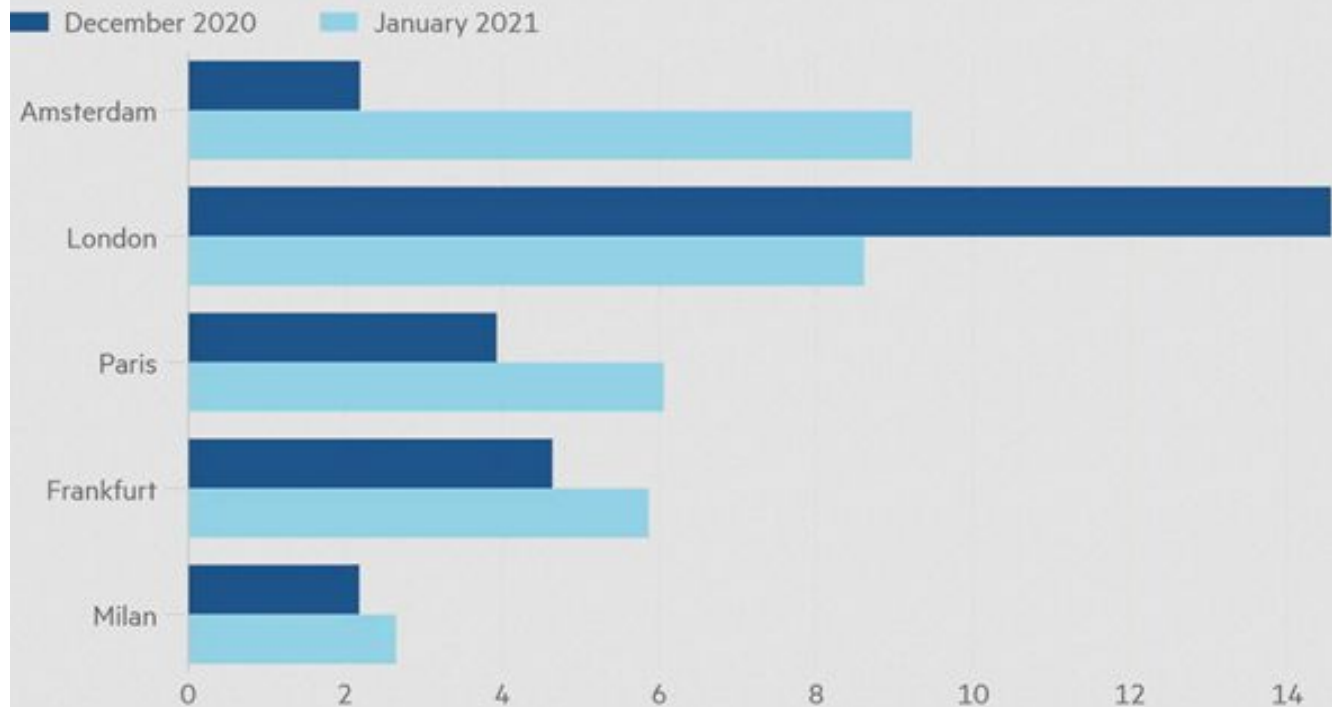# Topic 2: Brexit and Financial Services

ˊ"Last-Minute" agreement reached in the final days of 2020: EU-UK Trade and Cooperation Agreement

ˊResult: pretty much an FTA+

- ˊSome areas clearer (trade in goods)
- ˊSome not so much: financial services

Amsterdam leaps ahead of London in European share trading

Average daily volume (€bn)

Source: CBOE Europe

Source: Financial Times

Topic 3: EU-China Investment Agreement

China EU Investment Agreement (CAI) announced in December 2020

Fierce criticism by selected stakeholders:

- Timing
- Lack of respect for other circumstances
- Enforceability issues?

# Topic 4: How should the EU react in the future pandemics?

The COVID-19 pandemics revealed the limitations of the EU integration:

- Individualism in the first wave, against the principles of the EU's Single market.
- Vaccinations for all the EU's citizens not smooth enough, even vaccination passports proposed.

The Game: EC proposes a new regulative to handle future pandemics at the EU level.

Many issues: Geopolitical risks, handling non-compliance, vaccination policy

Teams: EC, DE, FR, PL/CZ/HU, Greece/Spain
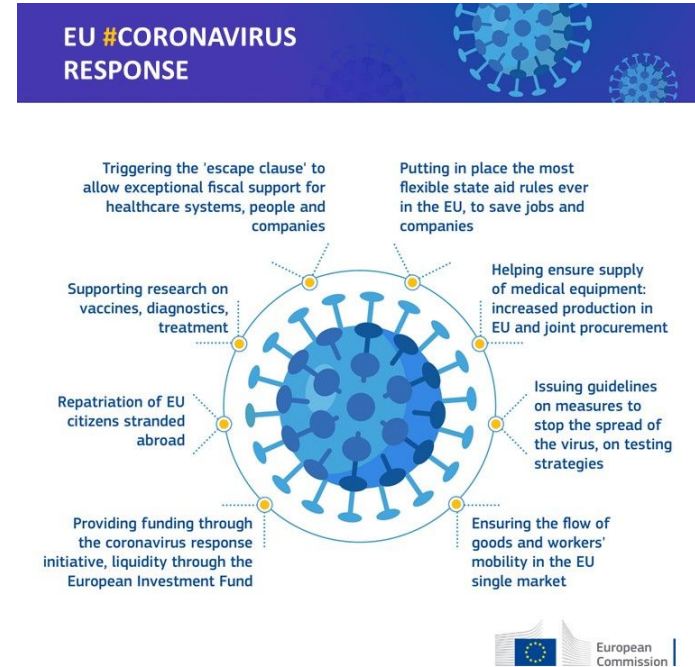
Topic 5: Corporate tax harmonisation in the EU

Shall the EU harmonize the corporate tax and introduce the digital tax?

Large multinationals often exploit the tax loopholes associated with the complexity and multiplicity of tax regimes in the EU.

Moreover, digital tax on revenues is proposed on digital platforms.

However, tax competition seems to be considered as one of the principles of the EU by many.

Teams: EC, FR/IT, DE, IRL/CYP, SWE/EST

Voting on the topic for 2020/2021

Online form, until Wednesday, February 17, 8 PM.

https://forms.gle/UdPWqCaPARUy8bhA7

Past Debates

Previous years

2019/2020: Climate Change: Shall the EU countries adopt the European Green Deal?

2018/2019: Migration in the EU: Shall countries that do not accept migrants receive less EU funds?

2017/2018: Brexit negotiations, in particular the arrangement of the border between Northern Ireland and the Republic of Ireland.

2016/2017: Italian banking crisis and the obstacles of the EU-wide resolution mechanisms of banking and fiscal crises.

Previous years

2019/2020: Climate Change: Shall the EU countries adopt the European Green Deal?

The EU commission drafted the European Climate Law with climate goals for 2030 (emissions reduction by 50 % - 55 %) + Neutrality till 2050. These targets still not in line with the IPCC projections consistent with global warming below 1.5 °C rise.

Poland disagreed and asked for exceptions, but 12 member states wanted strict goal already for 2030. German position was neutral, focused on *responsible* climate goals.

Teams: EC, EP, Germany, Sweden, Poland

Outcomes: Carbon neutrality by 2050 and the intermediate goal of 55% reduction by 2030; but an increase of the MFF to 1.3% of GDP to offset the negative impact of transition on employment in selected sectors and regions + rules facilitating cross-border investment in renewable technology + creation of "climate-club" that would entail an increase of tariffs on goods produced in countries with less stringent emission reduction targets.

Previous years

2018/2019: Migration in the EU: Shall countries that do not accept migrants receive less EU funds?

Negotiations of the new multiannual financial framework.

Game setting: Sweden and Denmark decided to block adoption of the new MFF if the Dublin is not replaced by a new system that would assure more equal redistribution of refugees among the member states and that the new system would be effectively enforced.

Result: The budget on cohesion and common agricultural policy will not decrease, but the enforcement of common rules will be enforced more. A country that does not obey the Council decision shall lose access to the EU funds, two-thirds voting would be sufficient, but it has to be confirmed by the European Court of Justice.

Previous years

2017/2018: Brexit negotiations, in particular the arrangement of the border between Northern Ireland and the Republic of Ireland.

The EU accepted the withdrawal under the condition that the UK will propose a technical measures on the Irish border that would assure that the EU Single Market would be protected.

The EU and the UK negotiated participation of the UK within the single market but with an option to set quotas on inflow of new incoming workers to the UK after the Brexit.

The UK accepted the validity of the decisions of the EU courts.

Previous years

2016/2017: Italian banking crisis and the obstacles of the EU-wide resolution mechanisms of banking and fiscal crises.

Fictional bankruptcy of a second-largest bank in Italy was announced, with a risk of loss of savings by many ordinary citizens in Italy. The nationalization of the bank was effectively blocked by strict EU fiscal rules, and Italy was not willing to accept the austerity programme as a pre-condition of the EU-wide resolution mechanism, rather, it declared a willingness to breach the EU rules.

The EU countries and the European Commission negotiated creation of the "bad bank" that would accumulate the underperforming loans mainly from the EU-South to rebuilt liquidity of the banking sector in Italy, Spain and in other countries as well.

Thank you for your attention.

Don't forget to vote!