



- **FIRSTRUN First Workshop** -

*What future for EU Fiscal Governance?
From the five presidents' report to the case of Greece*

Date: 16 September 2015

Venue: CEPS Conference Room, Place du Congrès 1, 1000 Brussels

(Preliminary)

EU fiscal rules have been criticised on several grounds. Prior to the financial crisis, these rules did not prevent the build-up of excessive private and public imbalances in several countries. In response, the rules were reinforced, but they were not necessarily made more enforceable. Since the start of the euro crisis, many have argued that rules removed the discretionary elements necessary in times of crisis and have led to unnecessarily pro-cyclical policies. The new Juncker Commission has open the door to a more flexible interpretation of the fiscal rules. Overall, this raises the question of whether EU fiscal governance is effective and necessary.

The [five presidents' report](#) (2015) reiterates the importance of fiscal discipline and calls for the creation of a European Fiscal Board to act as an independent check on the conduct of fiscal policy. Overall the report also signals the intent to progress towards deeper integration but in a very circumspect way (See [Begg](#), 2015).

More dramatically, while the Greek referendum of June 2015 may be seen as a cry from a desperate government, it showed that there may be a trade-off between the functioning of the current EU governance system, based on economic policy coordination, and respect for fundamental democratic principles. Because of its intergovernmental nature, the legitimacy of EU governance is vulnerable to national veto, which may emerge as a manifestation of democratic will. Should democratic elections be disregarded in the name of a functioning EMU?

To address these questions, the workshop will first present findings from the FIRSTRUN research that test EU fiscal rules using historical data from Finland and then focus on the current policy debate presenting different views about how the future of EU governance could and should evolve.

This workshop is part of the Firstrun project, funded by the European Commission under Horizon2020 framework Programme. The project aims to investigate the need for fiscal policy coordination in the EU, assess the coherence of the recent reforms in the economic governance framework, and identify reforms to fill possible gaps in the current EU economic governance framework.



PROGRAMME

- 10.00 - 10.10 *Introduction: The FIRSTRUN project*
Niku Määttänen, ETLA, FIRSTRUN project coordinator
- 10.10 - 10.30 *Does the structural budget balance guide fiscal policy pro-cyclically?*
Evidence from the Finnish Great Depression
Tero Kuusi, ETLA
- 10.30 - 10.40 *Fiscal rules and fiscal coordination: The Greek watershed?*
Cinzia Alcidi, CEPS
- 10.40 - 12.00 **Panel discussion:**
What future for EU Fiscal Governance? From the five presidents' report to the case of Greece
- Daniel Gros, CEPS Director
 - Iain Begg, LSE
 - Philipp Rother, European Commission
 - Christophe Kamps, Head of Section, Fiscal Surveillance, ECB
 - Roberto Gualtieri, Member of European Parliament, President ECON Committee