



Expert workshop

“A comprehensive fiscal union or Lisbon with sticks and carrots?”

A new model of economic governance for Europe

Tuesday, December 10th, 2013

11:00 – 15:00 h

**Landesvertretung Schleswig-Holstein
In den Ministergärten 8
10117 Berlin**

The economic crisis has highlighted the EU's inadequacy in coping with its internal imbalances and help the member states in trouble to solve their structural problems. In addition, the way the recent crisis has been dealt with is perceived in many member states as being deeply inappropriate, with excessively high social and economic costs. As a consequence, member states are deeply divided over the recipes for both the Eurozone and the EU as a whole. Different models are being proposed, fuelling uncertainty over the direction and ultimate goal of the reform process.

While some institutional actors call for an ever closer coordination of economic policies reaching also into the social realm, some member states want coordination strictly limited to curtailing public deficits and guaranteeing public debt sustainability. Also, large differences persist when it comes to the question what kind of fiscal powers the Eurozone should have. While the goal of some kind of fiscal capacity for the EMU is repeated everywhere and has been put on the 2014 agenda by the EU Commission, different actors seem to understand the term in fundamentally different ways. Some member states want to prioritize mechanisms to ensure fiscal discipline while other want a fiscal capacity to induce other member states to conduct structural reforms. A third group of actors wants automatic fiscal stabilizers and a transfer of a whole range of taxation and spending powers to the European level. The problem is further complicated by the question of how far the EU's fiscal capacity should be for EMU countries only and how other EU members (both pre-euro-ins and permanent euro-outs) should be linked to the new instruments.

We are delighted to discuss these questions in two sessions:

11.00-12.30 hours: What about "fiscal capacity" and especially the divide on automatic stabilizers vs. contractual agreements for reforms?

There seems to be an increasing dissonance among the French and the Germans in particular on whether a fiscal capacity should be a real automatic stabilizer or just a tool to enhance structural reform and competitiveness through supply side reforms. While the French government thinks about pan-European fiscal stabilizers such as a European unemployment insurance, many German officials see this as a scheme to introduce permanent net transfers from Germany to the rest of the euro-area. This session tries to answer which kind of fiscal capacity the Eurozone really needs and in how far German fears and wishes of the rest of the Eurozone can lead to a compromise.

- **Robert Strauss**, Head of Unit A/1 "Employment Analysis", DG for Employment, Social Affairs and Inclusion, European Commission
- **Wolfgang Merz**, Head of ECOFIN/Currency Union & ECB Division, Federal Ministry of Finance, Berlin
- **Daniela Schwarzer**, Head of research division for EU integration, SWP
- **Jose Ignacio Torreblanca**, Head of Reinvention of Europe Program, ECFR Madrid

Chaired by Sebastian Dullien, Senior Policy Fellow, ECFR

12.30-13.30 hours: Lunch Break

13.30-15.00 hours: Economic governance in Post-crisis Europe

As the EU strives to exit the crisis, what model of economic governance could the Union could head towards, what is the nature and degree of integration within the Eurozone core and what the relationship between those member states that opt to remain outside it.

- **Michael Emerson**, Associate Senior Research Fellow, CEPS
- **Alessandro Giovannini**, Associate Researcher, CEPS
- **Gustavo Piga**, Professor of economics, University of Tor Vergata, Rome
- **Iain Begg**, Professorial Research Fellow, European Institute, London School of Economics
- **Stefan Huemer**, Adviser at the European Central Bank

Chaired by Nathalie Tocci, Deputy Director, Istituto Affari Internazionali, Rome

This event is part of "The Reinvention of Europe" program, a project of the European Council on Foreign Relations (ECFR); and the "Imagining Europe" Project of the Istituto Affari Internazionali (IAI). Please note that this invitation is personal and unfortunately cannot be passed on. Please respond by the 4th of December 2013 at berlin.office@ecfr.eu

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