

## Future Prospects for EU Economic Policy:

### From the EU Responses to Brexit and COVID-19 to the New EU Fiscal Policy

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<https://cerim.maastrichtuniversity.nl/relay>

**Abstract**

Building on the outcomes of the conference *'An Economy that Works for the People: Beyond Brexit and COVID-19'*, hosted by the DCU Brexit Institute on 12 April 2021 as part of the [Erasmus+ Jean Monnet Project 'RELAY'](#), this working paper proposes some reflections on future prospects for EU economic policy. On the one hand, it focuses on the EU responses to Brexit and COVID-19 by summarising and further elaborating the topics discussed in the conference. In doing so, it examines the newly adopted EU recovery plan - NextGenerationEU -, the new EU economic policy after COVID-19, the future perspectives for the Eurozone after Brexit, and the potential of the newly launched Conference on the Future of Europe. On the other hand, this working paper investigates the new challenges and opportunities in the area of EU fiscal policy in connection with NextGenerationEU and with the opportunity of creating a permanent EU fiscal tool.

**Keywords**

EU economic policy, NextGenerationEU, EU fiscal policy, Brexit, Conference on the Future of Europe

## **I. Introduction**

On 12 April 2021, the DCU Brexit Institute hosted a day-long conference entitled *'An Economy that Works for the People: Beyond Brexit and COVID-19'*. The event, organized in the framework of the Jean Monnet Project RELAY, featured an opening statement by European Commissioner for Economy Paolo Gentiloni and took stock of the major development which NextGenerationEU, the post-pandemic recovery fund, represents for the future of the European Union. In view of this highly debated and topical subject, the event drew a large number of participants among leading academics, students, journalists, members of the European Parliament, business representatives and policy makers from across Europe, including the President of Ireland, Michael D. Higgins, and the former Taoiseach, Bertie Ahern.

This working paper reflects on the most stimulating outcomes of that conference and, in particular, on the EU responses to Brexit and COVID-19 and on the future prospects for a new EU fiscal policy. To this end, it is divided into two parts. The first one entitled *'An Economy that Works for the People: Beyond Brexit and COVID-19'* draws inspiration from the topics discussed in the conference, which are summarised and further elaborated in four sub-sections dealing with the EU Recovery Fund (sub-section II.a), the New EU Economic Policy after COVID-19 and NextGenerationEU (sub-section II.b), the European Economy and the Future of the Eurozone after Brexit (sub-section II.c), and NextGenerationEU and the Conference on the Future of Europe (sub-section II.d). In light of the multidisciplinary background of the conference participants, this section takes account of a variety of academic and political opinions. By following a political economy approach, the second part entitled *'The New EU Fiscal Policy: Challenges and Opportunities'* specifically focuses on the European Commission's strategies in the field and at possible future scenarios. After looking at the origins and prospects of NextGenerationEU (sub-section III.a), it takes into consideration the opportunity of creating a permanent EU fiscal tool (sub-section III.b).

## **II. An Economy that Works for the People: Beyond Brexit and COVID-19**

As emphasised by European Commissioner for Economy Paolo Gentiloni in his opening statement to the conference, Europe must look ahead at the challenges facing its economy. The EU recovery plan –

NextGenerationEU is a turning point on the road towards a stronger Union; and action and investments are needed, first and foremost, in the area of renewable and sustainable energy. This represents indeed a crucial sector in view of the transition towards a more green and sustainable economy, as envisaged by the European Green Deal.<sup>1</sup> In parallel, NextGenerationEU also requires investments in 5G, artificial intelligence and automation, as well as private and public sector digitalisation. This renewal and development process shall necessarily be inspired to justice and fairness, as it is expected to be broadly inclusive of the European civil society *lato sensu*. In his speech, Commissioner Gentiloni observed that this is the first time in which Member States are called to put in place such a wide strategic plan in such a short time, therefore it will be ‘a test for the Union as a whole’.

The following four sub-sections will provide an overview of the current and future challenges for EU Economic Policy, reporting the different points of view expressed by the other fourteen speakers at the conference.

#### **a. The EU Recovery Fund**

On 21 July 2020, the European Council agreed on a recovery plan and the EU budget for 2021-2027 (Multiannual Financial Framework – MFF).<sup>2</sup> In addition to the seven-year MFF budget of an overall amount of 1,074.3 billion euro, the agreement envisaged the creation of a 750 billion euro temporary recovery instrument called ‘NextGenerationEU’ (NGEU), in response to the detrimental economic and social impact of the COVID-19 pandemic. At the heart of NGEU, the Recovery and Resilience Facility (RRF)<sup>3</sup> consists of 672.5 billion euro that is made available to the EU Member States in the form of loans and grants to support national reforms and investments specifically addressed to pandemic-related issues. An additional 47.5 billion euro is allocated to a new initiative called ‘Recovery Assistance for Cohesion and the Territories of Europe’ (REACT-EU), which puts

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<sup>1</sup> ‘A European Green Deal | European Commission’ <[https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal\\_en](https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en)> accessed 12 May 2021.

<sup>2</sup> ‘Special Meeting of the European Council (17, 18, 19, 20 and 21 July 2020) – Conclusions’ (European Council 2020) EUCO 10/20 <<https://www.consilium.europa.eu/media/45109/210720-euco-final-conclusions-en.pdf>> accessed 12 May 2021.

<sup>3</sup> ‘Recovery and Resilience Facility’ (*European Commission - European Commission*) <[https://ec.europa.eu/info/business-economy-euro/recovery-coronavirus/recovery-and-resilience-facility\\_en](https://ec.europa.eu/info/business-economy-euro/recovery-coronavirus/recovery-and-resilience-facility_en)> accessed 12 May 2021.

dedicated funds at the disposal of the European Regional Development Fund (ERDF), the European Social Fund (ESF), and the European Fund for Aid to the Most Deprived (FEAD).

When examining NextGenerationEU, Member of the European Court of Auditors Alex Brenninkmeijer proposed to take a step back and look at the broader picture of the historical development of the European Union. In doing so, he acknowledged that the European semester in response to the 2008 financial crisis was a huge step forward in the coordination of EU economic policy. Drawing an analogy with that effective response from the EU, Brenninkmeijer considered the Recovery and Resilience Facility as intrinsically innovative and performance focused for being financed by the capital market and proving the strong position of the Union in this context.

The importance of looking back at the EU response to the 2008 financial crisis was also remarked on by the former President of the Eurogroup Working Group Thomas Wieser. That crisis demonstrated the lack of institutional power at the EU level until the establishment of the European Stability Mechanism. In Wieser's opinion, the existing EU institutional and financial set up is still not sufficient to address the current challenges. In effect, while mainly focusing on the green and digital transitions, NextGenerationEU is liable to overlook the central issues of inequality, governance and transparency. Only if administration and politics become more accountable, more efficient and less corrupt, NextGenerationEU could be a win-win for all. A fundamental change is thus needed at all levels of the EU system of governance.

As pointed out by Professor Ramon Marimon, the exceptional economic shock of the COVID-19 crisis should be studied and analysed as an opportunity for improvement. Both the Union and the Member States need to learn from the mistakes made, and aim towards the development of a more coordinated EU economic policy.

#### **b. The New EU Economic Policy after COVID-19 and NextGenerationEU**

In light of its considerable size and, even more importantly, of its innovative and unique character, NextGenerationEU points the way to a new EU economic policy. This opinion was shared during the conference by Associate Professor Michael Breen, who indeed considered NextGenerationEU as a significant achievement in EU economic governance. He observed that the EU policy making community has learned from

past crises and has improved the EU's architecture in the field of economic governance. In doing so, the EU abandoned the previous austerity approach which is no longer appealing, and embraced its central role in defining the architecture of economic governance.

According to the Director of European Social Observatory, Bart Vanhercke, NextGenerationEU is a new and innovative policy experiment that inspired a new sense of solidarity at the EU level in terms of mutual responsibility among the Member States. Inter alia, the EU Green Deal demonstrates the very ambitious plan of the von der Leyen's Commission, which puts forward a new vision. To this extent, the COVID-19 crisis created a window of opportunity, on condition that all the money is well spent and good and quick investments and reforms are identified.

The positive view of Breen and Vanhercke is not shared, in turn, by Professor Ramon Marimon who, in analysing NextGenerationEU from an economist's point, warned against the implicit increase of the EU sovereign debt. On top of that, the EU response to the COVID-19 pandemic is liable to leave unanswered the existing substantial economic gap between GIPS countries (Greece, Italy, Portugal, and Spain) and the rest of the Member States. The solution proposed by Marimon to this structural issue encompasses reforms in different areas. Notably, he called for the adoption of instruments ensuring national growth especially for GIPS, more effective fiscal rules, risk-sharing, common EU policies, and the creation of an integrated fiscal institution. Notwithstanding the drawback related to its limited scope, NextGenerationEU is still considered as a potential turning point for the EU for its ability to create joint liability or joint asset. In fact, this instrument represents a significant evidence of the Member States' intention to increasingly participate in the common share of responsibility deriving from the fact of being part of the EU. In this relation, Dr. Ian Cooper stressed that national parliaments are expected to play a crucial role in the implementation of the new fiscal capacity put in place with NextGenerationEU.

As emphasised by Professor Vivien Schmidt, despite the temporary – rather than permanent – character of the NextGenerationEU plan, the European Commission has been endowed with increasing relevance and power. It can now dispose, indeed, of its own resources to advance its political agenda. Yet, it seems likely that the EU will need more instruments to cope with the inequalities within the Eurozone, to provide a sustainable development,

and to properly address the numerous challenges posed by the COVID-19 crisis. Schmidt suggested, for this purpose, the creation of a permanent and sovereign fund that would help address inequalities in many respects.

### **c. The European Economy and the Future of the Eurozone after Brexit**

As expected, Brexit is having manifold effects on both the British and the European economies. Also as a result of the limited scope of the EU-UK Trade and Cooperation Agreement (TCA),<sup>4</sup> the UK financial service sector has been particularly affected. From a more technical legal perspective, Valerio Scollo, Partner Lawyer at GSK Stockmann Luxembourg, underlined that the disrupting effect of Brexit in the field of financial services is requiring companies in London to make substantive changes. What is more, the London Stock Exchange's gradual loss of centrality is having consequences also with respect to the relevance of British law in the field. Luxembourg law, in turn, has gained increasing importance in the regulation of the capital market.

In the opinion of the financial service advisor and Partner at Grant Thornton, Dwayne Price, the bifurcation of financial service regulation between the UK and the Eurozone began several years prior to Brexit. The withdrawal of the UK from the EU has only exacerbated the differences in approaches. With a view to the future, the creation of the Capital Markets Union (CMU),<sup>5</sup> put forward and strongly supported by the European Commission through its dedicated action plan adopted on 24 September 2020,<sup>6</sup> will certainly constitute a great innovation in the sector. Nonetheless, Thornton expects banking regulation to remain within the national sphere, with the role of the EU institutions still remaining rather marginal. In relation to this issue, Oliver Mangan, AIB Chief Economist, noticed that, while the economic impact of Brexit has been swamped by the impact of the COVID-19 crisis, the banking system needs to adapt quickly in order to address the challenges posed by Brexit.

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<sup>4</sup> Trade and Cooperation Agreement between the European Union and the European Atomic Energy Community, of the one part, and the United Kingdom of Great Britain and Northern Ireland, of the other part 2020 [O] L 444].

<sup>5</sup> 'What Is the Capital Markets Union?' (*European Commission*) <[https://ec.europa.eu/info/business-economy-euro/growth-and-investment/capital-markets-union/what-capital-markets-union\\_en](https://ec.europa.eu/info/business-economy-euro/growth-and-investment/capital-markets-union/what-capital-markets-union_en)> accessed 14 May 2021.

<sup>6</sup> European Commission, Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions: A Capital Markets Union for people and businesses - new action plan 2020 [COM(2020) 590 final].



When looking at the broader context of EU economic governance, it is worth considering the view of the Director of the DCU Brexit Institute, Professor Federico Fabbrini, who identified Brexit, the COVID-19 pandemic, and global change (especially in relation to the election of Joe Biden as President of the United States of America) as crucial points of the EU economic integration process. In this regard, a number of challenges are liable to create political uncertainty. First, it might undermine respect for EU values, which is currently jeopardised by the rule of law crisis in Hungary and Poland. Second, the extension of the governance of the Economic and Monetary Union (EMU) to financial markets and products still represents a source of tension and debate. Third, the concrete transferring of funding to the Member States, in line with the rules on the implementation of NextGenerationEU, is already causing troubles at the national level. The recent decision by the German Federal Constitutional Court (Bundesverfassungsgericht – BVerfG) to suspend the ratification of NGEU<sup>7</sup> is emblematic in this sense. In this case, fortunately, with its decision of 15 April 2021, published on 21 April 2021,<sup>8</sup> the BVerfG eventually overturned the preceding order of 26 March 2021,<sup>9</sup> thereby allowing the German ratification of the EU recovery fund.<sup>10</sup>

In spite of the aforementioned risks, Fabbrini also pointed out that the EU Green Deal and Digital Transition, together with strategic political autonomy, would represent great opportunities to rebuild and reform the European economy. In the last analysis, NextGenerationEU is a paradigm change and the debate on the future of Europe will need to address the emerging issues in relation to financial services and the capital market.

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<sup>7</sup> Michael Nienaber, ‘German Constitutional Court Stops Ratification of EU Recovery Fund’ *Reuters* (26 March 2021) <<https://www.reuters.com/article/us-health-coronavirus-eu-debt-idUSKBN2BI2FR>> accessed 14 May 2021.

<sup>8</sup> ‘Unsuccessful Application for Preliminary Injunction against Promulgation of the Domestic Act Ratifying the EU Own Resources Decision (“EU Recovery Package”)’ (*Bundesverfassungsgericht - Press Release No. 29/2021*, 21 April 2021) <<https://www.bundesverfassungsgericht.de/SharedDocs/Pressemitteilungen/EN/2021/bvg21-029.html>> accessed 14 May 2021.

<sup>9</sup> *Federal Constitutional Court - Decisions - Suspension decision to issue the Capital Adequacy Ratification Act* [2021] Bundesverfassungsgericht BvR 547/21.

<sup>10</sup> For a more detailed analysis of the German Constitutional Court’s decisions, see Gian Luigi Tosato, ‘Green Light from Karlsruhe: Obstacles to Next Generation EU Removed’ (*BRIDGE Network Blog*, 27 April 2021) <<https://bridgenetwork.eu/2021/04/27/green-light-from-karlsruhe-obstacles-to-next-generation-eu-removed/>> accessed 14 May 2021; Mattias Wendel, ‘Next Generation EU and the German Federal Constitutional Court – The Decision on Preliminary Injunctions of 15 April 2021’ (*BRIDGE Network Blog*, 17 May 2021) <<https://bridgenetwork.eu/2021/05/17/next-generation-eu-and-the-german-federal-constitutional-court-the-decision-on-preliminary-injunctions-of-15-april-2021/>> accessed 17 May 2021.

#### **d. NextGenerationEU and the Conference on the Future of Europe**

On 9 May 2021 – Europe Day, the European Parliament, the Council and the Commission launched the long awaited Conference of the Future of Europe.<sup>11</sup> This initiative is jointly chaired by the presidents of the European Parliament President David Sassoli, the Prime Minister of Portugal António Costa (on behalf of the Presidency of the Council), and the Commission President Ursula von der Leyen, who formally endorsed it with a Joint Declaration on 10 March 2021.<sup>12</sup> In the wake of the 1955 Conference of Messina and the 2001 Convention on the Future of Europe, the Conference on the Future of Europe proposes to be a discussion forum on the future of the EU27 in the aftermath of Brexit and in the middle of the COVID-19 pandemic. More concretely, it is designed with a view to addressing a number of key priorities and challenges, including, inter alia, climate change and the environment, health, economy, employment, social justice, the role of the EU in the world, values and rights, rule of law, security, digital transformation, European democracy, migration, education, culture, youth and sport.<sup>13</sup> Importantly, in doing so, this initiative intends to greatly involve citizens, social partners, academia, national and regional Parliaments, the Committee of the Regions, and the Economic and Social Committee into the EU decisional process.

While potentially representing an opportunity to relaunch the European integration project and reshape the EU institutional structure by tackling the existing shortcomings of the EU constitutional set up,<sup>14</sup> the Conference undoubtedly raises some concerns due to the way it has been conceived. In effect, it runs the risk of being too

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<sup>11</sup> ‘Conference on the Future of Europe: Make Your Voice Heard’ (*European Commission - Press release*, 9 May 2021) <[https://ec.europa.eu/commission/presscorner/detail/en/ip\\_21\\_2402](https://ec.europa.eu/commission/presscorner/detail/en/ip_21_2402)> accessed 14 May 2021.

<sup>12</sup> ‘Conference on the Future of Europe: Engaging with Citizens to Build a More Resilient Europe’ (10 March 2021) <[https://www.europarl.europa.eu/sed/doc/news/flash/25243/JOINT%20DECLARATION%20ON%20THE%20CONFERENCE%20ON%20THE%20FUTURE%20OF%20EUROPE\\_EN.pdf](https://www.europarl.europa.eu/sed/doc/news/flash/25243/JOINT%20DECLARATION%20ON%20THE%20CONFERENCE%20ON%20THE%20FUTURE%20OF%20EUROPE_EN.pdf)> accessed 17 May 2021. See ‘The Conference on the Future of Europe: Relaunching the EU after Brexit and Covid-19 – Brexit Institute’ (*Brexit Institute Blog*, 10 March 2021) <<http://dcubrexitinstitute.eu/2021/03/the-conference-on-the-future-of-europe-relaunching-the-eu-after-brexit-and-covid-19/>> accessed 17 May 2021; ‘Conferencing about the Future of Europe – Brexit Institute’ (*Brexit Institute Blog*, 11 March 2021) <<http://dcubrexitinstitute.eu/2021/03/conferencing-about-the-future-of-europe/>> accessed 17 May 2021.

<sup>13</sup> ‘Conference on the Future of Europe: The Future Is in Your Hands’ (*European Union - Conference on the Future of Europe*) <<https://futureu.europa.eu/?locale=en>> accessed 17 May 2021.

<sup>14</sup> Federico Fabbrini, ‘The Joint Declaration on the Conference on the Future of Europe: Process, Promises, Pitfalls’ [2021] BRIDGE Network Working Paper Series No 13, 2021 <<https://papers.ssrn.com/abstract=3829601>> accessed 17 May 2021.

abstract and wide and, at the same time, incapable of addressing the long-established detachment of the EU institutional system from the civil society. As noticed by Professor Michael Leigh, the continuing use of EU jargon and terms like ‘resilience’, ‘green and digital transitions’, ‘subsidiarity’ and ‘proportionality’ does not help bring together the Union and its citizens. And the ideas coming from ‘the bottom’ are still liable to be ‘filtered’ by the EU political and governance structure.<sup>15</sup> Moreover, the Conference coincides with French and German elections and is strongly supported by French President Emmanuel Macron. Any substantial political change here may cast doubt on its underlying purpose.

During the final debate between four Members of the European Parliament (MEP) at the conference hosted by the DCU Brexit Institute, the Spanish MEP Domenech Ruiz Devesa (S&D) noticed the similarity between the 1948 Congress of Europe in The Hague coming after World War II and the forthcoming Conference on the Future of Europe coming after the COVID-19 crisis. In his view, despite being a terrible idea, Brexit has had the indirect benefit of increasing the level of unity and political integration across the European Union. At the same time, the pandemic revealed the need for more Europe and also that there should be no competition among Member States. With regard to the approval and implementation of NextGenerationEU, he underlined the need of ensuring full democratic legitimacy.

According to the French MEP Gwendoline Delbos–Corfield (Greens/EFA) the EU Recovery Plan is a symbol of solidarity between Member States and shows the intention of tackling the impelling issues related to climate change. The fact that the EU will have its own resources to realise its agenda also attests to the adoption of a different approach from austerity. Delbos–Corfield identified the need to involve everyone from young persons to women and the current rule of law issues in Hungary and Poland as the major challenges to be addressed by the EU. Alongside this process, Brexit could represent an opportunity for the EU to advance without the UK, which was already excluded from several EU policies. However, she also considered it as an unfortunate event, considering that the UK is not involved in the discussion on the future of Europe anymore.

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<sup>15</sup> Michael Leigh, ‘Conference on the Future of Europe: Promises and Pitfalls’ (*Euractiv*, 11 May 2021) <<https://www.euractiv.com/section/future-eu/opinion/conference-on-the-future-of-europe-promises-and-pitfalls/>> accessed 17 May 2021.

A positive view of NextGenerationEU was also shared by the Italian MEP Sandro Gozi (Renew Europe). The EU commitment towards the ecological transition and digital transformation could indeed represent a great opportunity for the Union's relaunch. In his opinion, only through solidarity measures, such as common EU debt and common EU bonds, we can recover from the crisis. Accordingly, the principle of unanimity vote in EU institutions has been presented as a potential barrier for such reforms to be realised.

The Polish MEP Danuta Hubner (EPP) declared that the European People's Party looks forward to the success of the Conference on the Future of Europe, which will not only be the place to seek pragmatic solutions but also the occasion to defend democracy and Europe's foundations. In her view, the pandemic showed the need for 'more Europe', for EU reforms, and for more involvement of the people in a multifaceted and intra-generation discussion. Nevertheless, the risk that anti-European populists could hijack the agenda of the Conference on the Future of Europe should not be underestimated.

### **III. The New EU Fiscal Policy: Challenges and Opportunities**

The European Commission is going to borrow nearly 700 billion euro to boost the recovery in Europe through NextGenerationEU, a temporary instrument that will open the door to private capital markets for the first time. This is an important step for the European Union because it helps to address a glaring deficiency in Economic and Monetary Union: its lack of a fiscal capacity to deal with large economic shocks. This section discusses NextGenerationEU's origins and prospects, and argues that future EU fiscal policy should specialise in problems that nation-states have struggled with historically.

#### **a. NextGenerationEU: Origins and Prospects**

NextGenerationEU is a significant achievement. Ten years ago, most EU policy makers would have thought it too radical to borrow nearly 700 billion euros to fight a systemic economic crisis. Today, most of them believe that the loan will pay for itself. What has changed in the interim is that the idea of austerity is no longer appealing to EU Member States. This is not because they have become warm-hearted or more profligate, but rather because many have come to believe it is not in their self-interest. International authorities like the IMF and

others have argued convincingly for several years that fiscal consolidation isn't effective in many crisis situations, and this has helped to change beliefs about the value of austerity.

In addition, the EU's improved crisis architecture helped to pave the way for NextGenerationEU. Ten years ago, policy makers struggled to devise a credible monetary policy in the middle of a debt crisis. Today, the ECB's Pandemic Emergency Purchase Programme (PEPP), a policy of quantitative easing modelled on the previous Public Sector Purchase Programme (PSPP), is preventing a repeat of the euro crisis, allowing the EU to turn its attention to developing fiscal policy. Finally, the nature of the COVID-19 pandemic as a symmetric shock – that it affected all EU Members – provided a stronger foundation for the diplomacy needed to reach an agreement on NextGenerationEU.

Despite being a welcome development, however, NextGenerationEU might struggle to achieve its objectives. The pandemic has deeply undermined some EU Members. OECD and IMF estimates suggest a deep recession in Spain, Italy, and Greece, but the full extent of the damage will only become clear once current restrictions are lifted and vaccination rates increase. However, the decline in private investment in Southern Europe is likely to be greater than the recovery measures in NextGenerationEU, and so there is a significant risk of an asymmetric recovery. While NextGenerationEU contains some measures to account for disappointing growth rates among EU members, these may not go far enough.

## **b. The Future of EU Fiscal Policy**

NextGenerationEU is temporary but it invites further reflection on what a permanent EU fiscal tool might accomplish. The need to cure disease, solve climate change, prevent and mitigate future crises, and transform public infrastructure is obvious to most people. Yet even the most socially responsible governments struggle to make progress towards these goals. This is where supranational fiscal policy comes in. Rather than competing with Member States, EU fiscal policy should focus on solving problems that nation-states have struggled with historically. In practice, this means specialising in long-term investments that do not yield immediate benefits to society, as well as short-term investments that governments find too politically difficult. EU fiscal policy is an opportunity to solve intractable problems over a fifty or one-hundred-year time horizon, and find solutions that are otherwise out of reach.

NextGenerationEU already creatively links a number of elements to its recovery funds, including measures to protect health and the environment. Yet, much of it matches national efforts. This is not necessarily a bad thing, but for EU fiscal policy to really succeed, it needs to devote significant efforts to finding the problems that national policy makers find they cannot deal with, or have simply avoided dealing with substantively. Further dialogue and engagement with European society can help to identify these intractable problems, including engagement with citizens, civil society, national parliaments, and those who lack voice and representation.

Finally, NextGenerationEU will provide a template for EU policy makers when the next crisis happens and crisis-fighting should remain a central pillar of any future EU fiscal policy tool. However, the EU must resist the temptation to rely on tools like the conditionality we might find in an IMF arrangement. Conditionality evolved to serve the IMF in its role as an international lender of last resort. In this role, the IMF deals with countries that are near collapse or experiencing financial difficulty. EU Fiscal Policy, by contrast, should focus on strengthening already high performing economies. In this context, it should focus on the tools that typically regulate spending: parliamentary oversight, media scrutiny, transparency measures and anti-corruption policy. A permanent EU fiscal tool could begin by investing in the very tools that will guarantee its own success.