



BEPA

Bureau of European Policy Advisers

EU Budget Review 2008/09

BEPA Workshop

**The political economy of EU public finances: designing
governance for change**

Brussels

5 February 2009

Berlaymont building, 1st floor, Room Jean Rey

Programme

9.00-9.30 **Registration**

Session 1 – The Status Quo Bias on the EU Budget and the Potential for Change

9.30-9.45 **Opening remarks by the Chair**

Vitor Gaspar, Bureau of European Policy Advisers

9.45-10.15 **Presentation:** "The EU Budget: The Power Politics and the Needs Views Revisited"

Heikki Kauppi, University of Turku and Mika Widgren, Turku School of Economics

10.15-10.30 **Discussion:** Thomas König, University of Mannheim

10.30-10.55 General discussion

10.55-11.10 Coffee break

11.10-11.40 **Presentation:** "Refocusing the EU Budget – An Institutional View"

Charles B. Blankart and Gerrit B. Koester, Humboldt University Berlin

11.40-11.55 **Discussion:** Brigid Laffan, University College Dublin

11.55-12.20 General discussion and concluding remarks

12.20-13.15 Lunch buffet

Session 2 – The EU Budget and Evolving Policy Challenges

13.15-13.30 **Opening remarks by the Chair**

Henrik Enderlein, Hertie School of Government

13.30-14.00 **Presentation:** "The Economic Rationale for EU Action: What are European Public Goods"

Fabian Zuleeg, European Policy Centre

14.00-14.15 **Discussion:** Johannes Lindner, European Central Bank

14.15-14.40 General Discussion

14.40-14.55 Coffee break

14.55-15.25 **Presentation:** "The EU Budget and the Current Financial Crisis"

Daniel Gros, Centre for European Policy Studies

15.25-15.40 **Discussion:** Henrik Enderlein, Hertie School of Government

15.40-16.05 General discussion and concluding remarks

Background

In the context of the 2008/09 Budget Review, the European Commission launched a public consultation process in September 2007. As part of this process, the Bureau of European Policy Advisers (BEPA) put together a conference on 'Public Finances in the EU' on 3-4 April 2008. The conference examined the EU budget and the alternatives for a budgetary reform from a variety of approaches proposed by policy-makers and researchers.

As a follow-up to this conference, BEPA is organizing a series of workshops that investigate in more detail a number of issues that proved to be of particular relevance for the review process. The workshops analyze the current situation of the EU finances and propose inputs for specific policy proposals.

The workshop on the political economy of EU public finances intends to explore some ways to overcome the current impasse of the EU finances. The workshop takes a closer look at the different options for modifying the existing procedures and creating the incentive structure for change.

The strong status quo bias is one of the main obstacles to aligning the EU budget with the evolving challenges the EU faces. Vested interests and unanimity voting for adopting the multiannual financial framework make change extremely difficult. The following questions tackle, among other things the status quo bias and serve as a starting point for the workshop:

- How can we best explain the resistance to change the EU budget? Does this resistance reflect uncertainty about the outcome of reform or does it simply mirror the strong status quo bias?
- Are there any viable mechanisms/arrangements that could reduce the status quo bias of the EU budget? Does the current Treaty allow any such arrangements?
- Would new financial instruments addressing evolving policy challenges break the deadlock? Which are the opportunity costs of preserving the current composition of the EU budget?
- Are there any European public goods? If yes, should the EU budget focus only on these?