

THE EU LONG-TERM BUDGET

The mid-term review: springboard or stopgap?

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THE DEBATES AROUND THE REVIEW

- Largely positive
 - All or much of the Ukraine Facility proposal
 - Recognition of the need to deal with refugee flows
 - Some support for STEP
 - Not least in light of global competitive threats
- More challenging
 - EURI instrument
 - Compensation for rising costs of administration

THE MID-TERM REVIEW AS A TRAJECTORY

- ‘Pathologies’ of the EU budget’
 - Inflexible; principles undermined; ambiguity about what public goods to fund
 - Proliferation of off-budget mechanisms; use of external assigned revenues
- What can the review signal for post-2027?
 - Identifying the appetite for change and whether it is radical or not
 - Need to anticipate a next, substantial enlargement
 - But also range of other new demands
- Impetus to fresh thinking on revenue side

IMAGINE IF YOU WERE TO START HERE

The unavoidable

- Costs of administration
- Treaty obligations, notably ESIF

Genuinely EU level public goods

- Green, digital, climate, external action, usw.
- EU added value in two senses:
 - Cost efficiency in delivery
 - Under-provision by Member States

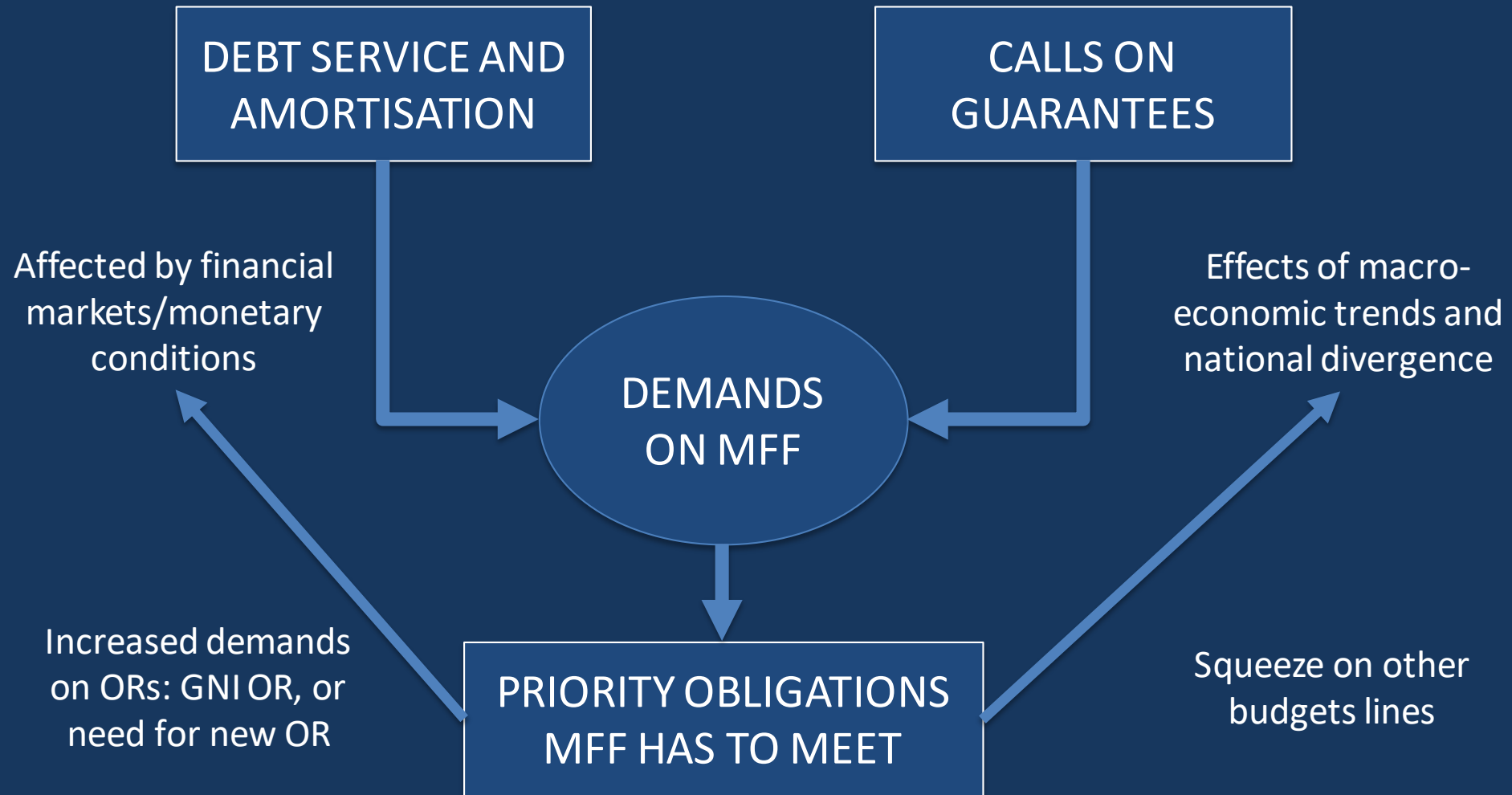
EU funding of national public goods

- For investments, but also distributive goals

BASIS FOR AN ALTERNATIVE

- Reassert public economics principles
 - Communicate rationale for EU level
 - Subsidiarity tests
 - Added value
- The Buti et al. line of argument:
 - If the public good is genuinely European...
 - It is much less susceptible to *juste retour* calculations
 - It becomes easier to justify (hypothecated?) own resources
 - NGEU may be EU public goods, but at national level
- Perils of a national envelope strategy: unavoidable?

FEEDBACKS AND RISKS



QUESTIONS MORE THAN CONCLUSIONS

- 35 years after 1988, is it time for a major reset?
 - European public goods should be at the heart of it
 - But needs genuine debate on what constitutes an EPG
- Time to have an EU level fiscal framework?
 - What is the best way to use off-budget mechanisms?
- Launch a new approach to solving revenue side
 - A target for a higher share of genuine own resources
- Could a mini inter-governmental conference be an answer?
 - Obviously, with input from EP and other institutions

1988 WAS A LONG TIME AGO... AND
MUCH HAS HAPPENED. A CHOICE:

