

## EMU Choices final conference

# The future of EMU reforms: at the mercy of the economic cycle?

Draft programme

6 May, 2019 | CEPS, Place du Congrès 1 | Brussels

The euro area crisis demonstrated how weak economic policy coordination and loose fiscal oversight could destabilize a monetary union. To prevent a recurrence of the crisis, economists, political actors and the “Blueprint” of the European Commission are asking for the construction of a deep and genuine economic and monetary union with reinforced governance architecture – beyond the recently adopted mechanisms.

The [EMU Choices project](#) improves our understanding of Eurozone reforms through systematic empirical analysis. While confirming some common wisdom, such analysis also dispels myths and provides insights into potential openings for further reforms:

- At the height of the financial crisis the preferences of member states were determined primarily by financial sector exposure, which trumped political, ideological or public opinion based explanations. Consequently, the reduction of financial sector risks, made member states more open to further reforms.
- The EMU reform debate divided the EU into two stable coalitions - one advocates fiscal discipline and the other fiscal transfers. This one-dimensional conflict structure made compromise more difficult, but also provided a clear negotiation space for France and Germany, which led the two opposing coalitions, to make feasible joint proposals.
- Germany and France controlled the agenda-setting during the crisis, but did not dictate reforms. Data show that there were no clear winners and losers in subsequent legislative bargaining and German dominance is largely a myth.
- Treaty changes are desirable, but politically unfeasible. De-constitutionalization of EU law on economic governance by replacing detailed provisions with flexible clauses inspired by Article 126(14) TFEU, opened the way for EMU reforms.
- The formation of national preferences on EMU reforms was very centralized in the hands of the ministry of finance and prime minister’s office. However, the positions of EU institutions served as an important point of orientation for nearly all governments, which puts them in a good position to foster compromises between the two opposing coalitions.

Overall, the EMU Choices analysis implies that major breakthroughs are hardly feasible without either a new bout of crisis or protracted period of stability that reduces legacy risks. At the same time, continuous search for consensus designs of EMU reforms makes EU well prepared for the next reform window.



## Draft programme

- 10:00 – 10:30 | Welcome:  
**Sonja Puntsher-Riekman**, University of Salzburg, EMUchoices Co-coordinator  
Keynote speech: EMU reforms – down to gradualism  
**Valdis Dombrovskis**, European Commission (TBC)
- 10:30 – 12:00 | Roundtable: The Future of EMU reforms - is gradualism the only option?  
Moderator:  
**Jeroen Dijsselbloem**, Former President of the Eurogroup (TBC)  
**Sylvie Goulard**, Banque de France (TBC)  
**Vivien Schmidt** (TBC)  
**Daniel Gros**, CEPS
- 12:00 – 12:45 | The politics of Eurozone reforms: *Quantitative analysis of national preferences*  
More nuanced findings on past determinants of crisis resolution, coalitions and agenda-setters could indicate ways out of the political deadlock on further EMU reforms. However, will these determinants persist?  
  
Presentation: **Fabio Wasserfallen**, Zeppelin University, EMUchoices Co-coordinator  
Discussant:  
(TBC)
- 12:45 – 14:00 | Lunch
- 14:00 – 14:45 | *Insights from the case studies on politics of EMU reform*  
The crisis revealed distinct patterns of domestic preference formation, tight networks in national decision-making and the sidelining of non-executive actors. Which role did national parliaments and European publics play? Were they an instance of “constraining dissensus” or rather a legitimizing force?  
  
Presentation: **Uwe Puetter** (CEU) **Sabine Saurugger** (University of Grenoble) **Dirk Leuffen** (University of Konstanz), EMUchoices consortium  
  
Discussant:  
(TBC)



14:45 – 15:30

### ***De-constitutionalization of EU law on economic governance***

Further reforms would benefit from de-constitutionalizing EMU law by replacing the rigid and detailed Treaty rules with more flexible legal framework. Which constraints pose EU and national constitutional law and practice for future reform?

Presentation: **Stefan Griller** and **Elisabeth Lentsch** (University of Salzburg), EMUchoices legal consortium

Discussant:

**Rene Repasi, Erasmus School of Law (TBC)**

15:30 – 16:00

Coffee break

16:00 – 16:45

### ***Changing views from Southern Europe***

Southern member states accepted commitments to fiscal discipline to avoid a formal bankruptcy or bailout. Is the commitment going to prevail? Can Southern member states be considered as a coherent bloc?

Presentation: **Leonardo Morlino** and **Cecilia Emma Sottilotta** (LUISS Rome) EMUchoices consortium

Discussant:

**PermRep of Southern MS**

16:45 – 17:30

### ***Reforming when nobody wants to reform***

Does the absence of reform breakthroughs imply stagnation? Discussion of papers on the COREPER views and Commission strategies of formulating reform proposals, when preferences are divided and political window for bold compromises non-existent.

Presentation: **Sonja Puntischer Riekmann** and **Zdenek Kudrna** (University of Salzburg) EMUchoices consortium

Discussant:

**Vivien Schmidt (TBC)**

17:30

Cocktail

