



Outline

as of November 29, 2019

- I. Outline of the Research Project
 - II. Planned Results
 - A. Introductory Remarks
 - B. General Clarifications
 - C. Structure of the Reports on the Federations
 - D. Structure of the Report on the EU
 - III. Timeline and Deadlines
 - IV. The Project Team
- I. Outline of the Research Project**

Informed by the developments of the E[M]U in the wake of the post 2009 financial- and sovereign debt crises, SCEUS has started the FWF funded research project 'Comparative Fiscal Federalism. Lessons to be Learned for the EU' in 2019. This project unites lawyers, economists and political scientists from Australia, Austria, Belgium, Canada, Germany, Switzerland, and the US to sound fiscal federalism in their respective federations. The endeavour aims at the identification of structures, procedures and institutions that possibly can be useful for future fiscal relations in the EU.

The project proceeds in three steps: Step 1 will provide a detailed analysis of fiscal federalisms in the seven federations, including added value flowing from comparison. Step 2 will undertake a similar analysis for the current EU. Based on our findings, in Step 3 we will develop suggestions for instruments of fiscal federalism in the EU efficient in day-to-day politics that can be expected to preclude or at least soften future sovereign debt crises, while securing a level of democratic control apt for a 21st century Western polity.

II. Planned Results

A. *Introductory Remarks*

At the time of drafting of this outline, it is still unclear whether the publication format for the results of the project will be an edited volume, a special issue of a pertinent academic journal, or a combination of both. Therefore, we do not provide precise rules regarding length and style of the reports at this stage. This shall be clarified until the first workshop in 2020.

B. *General Clarifications*

- One integrated contribution per federation, comprising the three disciplines.
- All contributions set out from a common toolbox consisting of the following elements:
 - A common definition of fiscal federalism provided by SCEUS.
 - A terminology reference list across countries.
 - A set of unified, comparable data, e.g. on inequalities of downstream government levels, system of equalisation, factor mobility, etc.
- All contributions are informed by the identified goals of fiscal federalism within all federations and the EU according to existing legal order, design and/or tradition.
- Analysis – explanation – evaluation will be the guiding principles of each report.

C. *Structure of the Reports on the Federations*

- Fiscal Federalism in <Name of the Federation>
 - Goals of the existing system, according to existing legal order, design and/or tradition
 - How has the system emerged over time and what were the major bones of contention?
 - Who were/are the driving forces in fiscal arrangements (institutions, relationship between them, 'system' of fiscal federalism)?
 - Had there been 'constitutional moments' (wars etc.)?
 - Relation of the <Name of the Federation>'s 'system' of fiscal federalism to its model of democracy
 - What are the distribution mechanisms regarding revenues and expenditures?
 - Revenue autonomy (tax base and tax rate)? Does it exist? For which level in the federation?
 - The role and function of social security mechanisms (pensions, health care, unemployment)
 - How are fiscal mechanisms related to the distribution of 'substantive' competences?
 - How is control of financial stability exercised on the various levels?
 - Ability and autonomy/limits for borrowing?
 - What is the role of the concept of solidarity?
 - 'One size fits all' monetary policy
 - Does it exist?
 - If so, is it a burden?
 - And how does it meet challenges in federations with substantive diversity?
- Merits and deficiencies of the <Name of the Federation> Fiscal Federalism – measured against its 'goals', and illustrated by taking into account e.g.:
 - Impact on equalisation in the federation
 - Macro-economic effects on the federation and its entities
 - The system's democratic legitimacy
 - Control
 - Legitimacy and efficiency of conflict resolution
- Dos and Don'ts: What Can the EU Possibly Learn from Fiscal Federalism in <Name of the Federation>
 - Deficiencies – negative example(s)
 - Achievements – positive example(s)
- Conclusion

D. *Structure of the Report on the EU*

- Analysis of the existing 'EU-system': to what extent is the EU a fiscal federal system in the making?
 - The (artificial) separation of monetary and economic integration
 - Monetary Union – including non-traditional ECB measures
 - Economic Union
 - Coordinating Member States' economic policies ("rules and numbers")
 - Combating Excessive Deficits

- Multilateral Surveillance
 - Solidarity and its limits
- The financial “system” of the EU
 - The system of own resources
 - The spending power of the EU
 - EMU specificities
- Pertinent EU- and EMU-reforms
- Economic, Political and Legal Deficiencies of the Actual EU “Fiscal Federal System” and Envisaged Reforms
 - Economic Government or Rules and Numbers?
 - No Equalisation or Equalisation by Stealth (Structural Funds)?
 - Resistance against Future Economic Shocks
 - To Bail or Not to Bailout?
 - Democratic Legitimacy
 - Compromising the Rule of Law
- Identifying and discussing the goals of an EU fiscal federal system
- Which future distribution mechanisms for revenues and expenditures?
 - EU taxes, and if so, what type of competence?
 - Should spending be conditioned by substantive competences?
- What should/could the fiscal mechanisms’ relations to the distribution of ‘substantive’ competences?
 - Competences to collect revenues and to spend money directly attached to substantive competences, whose responsibility?
- Can there be a comprehensive system of financial stability encompassing EU and MS? If so, what should it look like?
 - Further reduction of budgetary sovereignty of the MS?
 - Is a (better enforced) debt break a viable alternative?
- Should solidarity be developed further or refurbished?
 - By Eurobonds or other stabilisation mechanisms?
 - By return to strict no bailout?
 - By a system of revenue sharing?
- Which of the various options are more likely to be generally acceptable (or which selection and combination thereof)?
- What would be the consequences of the proposals on key macroeconomic aggregates in the EU and the MS?
- Is there a path for achieving the goals?

III. Timeline and Deadlines

- October 1st, 2019: Official start of the project.
- November 18 and 19, 2019: Kick-off meeting.
- December 15, 2019: Project partners send list of pertinent non-generic terms and definitions to SCEUS for the terminology reference list.
- January 15, 2020: SCEUS will provide framework for common definition of fiscal federalism.
- January 15, 2020: SCEUS will deliver the terminology reference list.
- January 15, 2020: SCEUS will provide a template for the set of unified data.

- October 1st and 2nd, 2020 (alternative: October 8 and 9): **First Intermediate Workshop.**
 - Discussion of first drafts of the country reports.
 - Passing of the unified database.
 - Publication strategy.
- September 30 and October 1st, 2021 (alternative: October 7 and 8): **Second Intermediate Workshop.**
- **May 2nd, 2022: Submission of near-to-completion draft manuscripts** of the reports on the federations, and the EU-part.
- **August 1st, 2022: Submission of the final manuscripts.**
- June 16 and 17, 2022 (alternative: June 23 and 24): **Final Conference.**
- September 30, 2022: Official end of the project.

IV. The Project Team¹

	AT	AU	BE	CA	CH	DE	US	EU
Law	Rainer PALMSTORFER , Salzburg	Nicholas ARONEY , Melbourne	Philippe GÉRARD , Louvain	Peter OLIVER and Vanessa MACDONNELL , Ottawa	Andreas STÖCKLI , Fribourg	Simon KEMPNY and Sebastian PLEDONAT , Bielefeld	David FONTANA , Washington DC	Stefan GRILLER and Corinna DORNACHER , Salzburg
Econ	Markus ELLER , Vienna and Hannes WINNER , Salzburg	Neil WARREN , Sydney	<u>To be fixed</u>	Trevor TOMBE , Calgary	To be fixed	Thomas LENK , Philipp GLINKA and Mario HESSE , Leipzig	To be fixed	Florian HUBER and Michael PFARRHOFER , Salzburg
PolSci	Franz FALLEND , Salzburg	Alan FENNA , Perth	<u>To be fixed</u>	Daniel BELAND , Montreal and André LECOURS , Ottawa	Sean MÜLLER , Berne	Nathalie BEHNKE , Darmstadt	Jonathan RODDEN , Stanford CA	Sonja PUNTSCHER-RIEKMANN , Salzburg

¹ Country team anchors highlighted in *italics*.