

Outline

as of September 22, 2021

- I. Rationale and Goal of the Research Project
- II. Envisaged 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. Rationale and Goal 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, the FWF-funded research project 'Comparative Fiscal Federalism. Lessons to be Learned for the EU' started in October 2019. The project unites lawyers, economists and political scientists from Australia, Austria, Belgium, Canada, Germany, Switzerland, and the US to sound out fiscal federalism in their 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 then 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.

Further information about the project can be obtained at the project website at

[<fiscalfederalism.eu>](http://fiscalfederalism.eu)

II. Envisaged Results

A. *Introductory Remarks*

After intensive discussion the team decided to aim at an open [access](#) book, uniting all country reports and the report on the EU, respectively, plus an forward-looking analytical chapter that will draw conclusions for a future fiscal federalism on EU level. All of these reports shall be co-authored by all respective team members across disciplines.

This decision does not preclude the publication of specific findings in mono-disciplinary academic journals during the project's lifecycle.

B. *General Clarifications*

- One integrated contribution per federation, comprising the three disciplines with a maximum length of 40,000 words, including footnotes, references, etc.
- All contributions set out from a common toolbox consisting of the following elements:
 - The common definition of fiscal federalism provided by SCEUS available at the project website at [<www.fiscalfederalism.eu>](http://www.fiscalfederalism.eu).

- A terminology reference list across countries available at the project website at www.fiscalfederalism.eu.
 - 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*¹
- Fiscal Federalism in <Federation>
 - Goals of the existing system, according to the legal order, design and/or tradition
 - How has the system emerged 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 <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 < 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
 - **Covid-19 Crisis – testing the resilience of fiscal federalism:**
 - **Did the impact of the pandemic and/or the counter measures reveal new deficiencies of the <Federation> Fiscal Federalism or exacerbate known ones?**
 - **Which characteristics of the fiscal federal system proved advantageous?**

¹ Unforeseen at the outset of the project, the Covid-19 pandemic affects all project countries and poses significant fiscal and economic challenges. For some federations, and possibly for the EU, it could turn into a constitutional moment. Therefore, we supplemented the structure of the country reports with a relevant section. Additions made **highlighted in bold printing**.

- **Did the distribution of competences for health care and economic policy cause difficulties? If so, how were they addressed?**
 - **Were there adjustments to the institutional set-up or to the institutional practice and if so, what are they aimed at?**
 - **Did financial solidarity within the system increase or is (if existent) the gap between constituent units widening due to the crisis?**
 - **Emergency situations, rule of law, and the role of Courts – which problems are, if any, emerging?**
 - Dos and Don'ts: What Can the EU Possibly Learn from Fiscal Federalism in <Federation>
 - Deficiencies – negative example(s)
 - Achievements – positive example(s)
 - Conclusion
- D. Structure of the Report on the EU*
- Analysis of the existing 'EU-system': 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 be 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**
- September 30 to October 6, 2020: **First Intermediate Workshop**
- Winter term 20/21 | summer term 21: Regular online meetings with the country teams
- September 30 and October 1st, 2021: **Second Intermediate Workshop.**
- Winter term 2021/22: Thematic online-meetings
- **May 2nd, 2022: Submission of near-to-completion draft manuscripts** of reports
- June 23 and 24, 2022: **Final Conference**
- **August 1st, 2022: Submission of the final manuscripts**
- September 30, 2022: Official end of the project

IV. The Project Team²

	AT	AU	BE	CA	CH	DE	US	EU
Law	Rainer <i>PALMSTORFER</i> , Linz	Nicholas <i>ARONEY</i> , Melbourne	Damien <i>PIRON</i> , Louvain, Patricia <i>POPELIER</i> , and Anne <i>DE VIJVER</i> , Antwerp	Peter <i>OLIVER</i> and Vanessa <i>MACDONNELL</i> , Ottawa	Andreas <i>STÖCKLI</i> and Eva-Maria <i>BELSER</i> , Fribourg	Simon <i>KEMPNY</i> and Sebastian <i>PLESDONAT</i> , Bielefeld	David <i>FONTANA</i> , Washington DC	Stefan <i>GRILLER</i> and Corinna <i>DORNACHER</i> , Salzburg
Econ	Hannes <i>WINNER</i> , Salzburg	Neil <i>WARREN</i> , Sydney	André <i>DECOSTER</i> , Louvain, Sander <i>RAMBOER</i> , Helsinki FI, and Willem <i>SAS</i> , Stirling UK	Trevor <i>TOMBE</i> , Calgary	Christoph <i>SCHALTENEGGER</i> , Lucerne	Thomas <i>LENK</i> , Christian <i>BENDER</i> , Mario <i>HESSE</i> , Maren <i>SPRINGSKLEE</i> , all Leipzig	Jonathan <i>RODDEN</i> , Stanford CA	Florian <i>HUBER</i> and Michael <i>PFARRHOFER</i> , Salzburg
PoSci	Franz <i>FALLEND</i> , Salzburg	Alan <i>FENNA</i> , Perth	Peter <i>BURSENS</i> , Antwerp and Damien <i>PIRON</i> , Louvain	Daniel <i>BELAND</i> , Montreal and André <i>LECOURS</i> , Ottawa	Sean <i>MÜLLER</i> , Lausanne	Nathalie <i>BEHNKE</i> , Darmstadt	Jonathan <i>RODDEN</i> , Stanford CA	Sonja <i>PUNTSCHER-RIEKMANN</i> , Salzburg

² Country team anchors highlighted in *italics*.