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Can conditionality and dialogue really walk hand in hand?

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1. After the Coronavirus hit the European population and sent the economy into hibernation, EU institutions reacted - for once - with the right level of ambition. The agreement of 21 July to create the 'Next Generation-EU' fund authorizes the European Commission to borrow in the capital markets on the EU's behalf. The funds raised will be disbursed to member states as grants and loans. Starting from the end of next September, the European Commission will borrow a total of €850bn (considering also the €100bn for the SURE funds). 10% of the RRF will be anticipated in 2021 through some form of pre-financing. Including the anticipated funds, 70% of the total amounts will be disbursed in 2021-2022, while the remaining 30% should be committed in 2023 on the basis of the GDP losses incurred by each country in 2020-2021.
2. The main driver behind the EU initiative was the fear of divergence among the EU member states and ultimately the risk of fragmentation of the euro. The concerns were not limited to Italy but also reached the EU's pivotal axis between France and Germany. Given the dire estimates of an escalation of France's public debt in 2020, EU policymakers were eager to stabilize the European economy as a whole. The fact that France, whose productivity levels are as high as the German ones, was the core country behind the intervention excluded the eventuality of imposing strong structural conditionalities on the recipient countries. Conditionality is indeed limited to the coherence of the "Recovery Plans" presented by all countries with the "Country Specific Recommendations" issued to them by the European Commission.
3. The national recovery plans will be analyzed by the EU institutions before the countries become eligible for the release of grants and loans. The plans will require approval by ECOFIN, through qualified-majority-voting, as an implementation act on proposal from the European Commission. Moreover, the "milestones" regarding deadlines and stages of advancement of the plans will be monitored by the EU Committees ("Commitology"). However, the whole architecture is conceived so as to have the European Commission maintain its leading role.

4. The quality of the interaction between the European Commission and the governments of the recipient countries will thus be much different from the Troika style. EU analysis will be conducted in parallel with the one by the national Parliaments, as marked by the European Semester's deadlines. The procedure will stage an intense "dialogue" between European and national institutions with the aim of reaching consensus. The first steps of the dialogue are likely to be conducted less formally, behind the curtains of Brussels, and, only in the case of a lack of negotiating will, may shift to a more formal ground through the usual exchange of public letters.

5. There need to be reasonable doubts about the efficacy of this "amiable" informal procedure. Not only structural conditionality is hard to be guaranteed ex-ante, given the juridical complexity it entails, but the ex-post verification may raise huge political resistance from national powers that may simply not be responsive to the government's priorities (trade unions, parliamentary opposition and, obviously, the public opinion). A more formal procedure with clearly stated milestones – subject to ex-ante discussion and approval in the national parliaments – may be more effective, though not watertight. This would bring us back to the "contractual agreements" that were popular in the past. Italy should present its detailed commitment without relying on the European Commission's *amitié*.