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Online public consultation on the review of the EU economic governance framework.
Summary of responses
Final Report

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Final report

The Commission acknowledges and thanks all the respondents to this online public consultation for the feedback provided.

Disclaimer: This is an information document prepared by the Directorate-General for Economic and Financial Affairs (DG ECFIN) of the European Commission. The document should be regarded solely as a summary of the contributions made by stakeholders that participated in the online public consultation on the review of the EU economic governance framework. It should not in any circumstances be regarded as the official position of the Commission or its services.

Executive Summary

In autumn 2021, the Commission relaunched the public debate on the EU economic governance framework. The Commission called for a wide-ranging debate with stakeholders through various means, including through dedicated meetings, workshops and an online public survey. This report presents the feedback received from the online survey. The survey closed on 31 December 2021, before Russia's invasion of Ukraine.

The survey invited responses to eleven open-ended questions on different aspects of EU economic governance. It received 225 valid contributions from respondents in 25 different countries, including 21 EU Member States and four non-EU countries. The submissions from unaffiliated EU Citizens and by stakeholders from academic/research institutions, think tanks, and trade unions represented two-thirds of the replies. About 40% of respondents, especially those from academia and think tanks, complemented their replies with more detailed studies and papers. The characteristics of the survey participants do not mirror those of the EU population and, as such, the replies cannot be interpreted as representative of the prevailing view of all EU citizens and stakeholders. However, the variety and depth of the contributions provide valuable input.

The analysis of the replies indicates that many respondents are of the view that the EU economic governance, including the fiscal rules, should become more growth-friendly, mindful of social issues, and support the policy priorities for the twin green and digital transition.

Most respondents acknowledge the need for the fiscal framework to support the resilience of EU economies to shocks and that debt sustainability should remain a central objective of the EU fiscal rules. At the same time, they consider that the adjustment paths towards lower government debt should be realistic and gradual in order to avoid negative effects on the economy. Many respondents stress the need to incentivise investment as a necessary feature of the economic governance framework. Green investment is identified as deserving special attention due to the global climate challenge, while a few respondents caution against giving preferential treatment to investment expenditure in fiscal surveillance.

A large number of the survey participants call for simplification, transparency and stronger national ownership of the fiscal rules. Various responses advocate a more medium-term oriented framework and reduced reliance on complex, unobservable and volatile fiscal indicators over which policy makers have no direct control. The Recovery and Resilience Facility is seen by a good number of respondents as a positive inspiration for the future governance framework in terms of fostering national ownership and promoting reforms and priority investments through positive incentives. A majority of respondents also support the establishment of a central EU fiscal capacity, in particular for macroeconomic stabilisation. Several participants also favour strengthening national fiscal frameworks, including through a greater involvement of independent national fiscal institutions, as it can increase reputational costs of breaking commitments. Several respondents support stronger compliance and enforcement of the surveillance framework.

Many participants also call for greater synergy between the different components of the European Semester for Economic and Employment Policy Coordination, including through more linkages between the Stability and Growth Pact (SGP) and the Macroeconomic Imbalances Procedure (MIP), to improve the growth-friendliness of public finances and the simultaneous achievement of various policy objectives. Some respondents emphasised that the economic governance framework needs to be complemented by completion of the Banking Union and the Capital Markets Union.

In addition to the survey, the Commission has engaged with many stakeholders through a variety of meetings and webinars. The wider debate is still ongoing at the time of the publication of this report. Based on this debate, including the discussions with Member States, in Parliament, in the Council and with other EU institutions and bodies, the Commission will provide orientations on possible changes to the economic governance framework with the objective of achieving a broad-based consensus on the way forward well in time for 2023.

1. Introduction

In February 2020, just before the COVID-19 pandemic hit Europe, the European Commission started a broad public debate on the EU economic governance review.[1] The soundness and sustainability of public finances and stability of our economies are of eminent importance for our Citizens and our economies, and the rules that govern them are a matter of common concern. The Commission therefore wanted to consider the views of a large range of stakeholders through various means, including dedicated meetings, workshops and an online consultation platform. This public debate was expected to take place over the first half of 2020. However, that review and public debate were effectively put on hold in March 2020, due to the need to address the immediate challenges posed by the pandemic and ensuing recession.

In autumn 2021, the Commission relaunched the debate,[2] thus resuming the process initiated at the beginning of 2020. Considering pre-existing vulnerabilities, evolving policy priorities, the way the COVID-19 crisis has reshaped our economies and the experience with new policy tools such as the RRF, the Commission invited stakeholders to reflect on the functioning of the EU economic governance framework and to present their views on how to enhance the framework's effectiveness.[3,4]

The public debate is still ongoing at the time of the publication of this report. It consists of a wide-ranging and inclusive engagement with European Citizens and many organisations, including other EU institutions and bodies, national authorities, central banks, independent fiscal institutions, social partners, academia/think tanks and businesses.[5] Among the EU institutions and bodies, several meetings were organised by the European Parliament,[6] the European Central Bank, the European Economic and Social Committee[7] and the European Committee of the Regions[8] as part of their work on their respective resolutions, reports, or opinions on the economic governance review.

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[1] See the Commission Communication of 5 February 2020 (COM(2020) 55 final). The several pieces of legislation, usually known as the "six-pack" and "two-pack", require the Commission to review the application of the legislation every five years (Regulations (EU) No 1173/2011, 1174/2011, 1175/2011, 1176/2011, 1177/2011, 472/2013 and 473/2013 and Directive 2011/85/EU).

[2] See the State of the Union 2021 speech by President von der Leyen (https://ec.europa.eu/info/sites/default/files/soteu_2021_address_en_0.pdf) and the Commission Communication of 19 October 2021 (COM (2021) 662 final).

[3] Member States did not participate in this online survey, as their views are being provided through other means. In particular, since October 2020, there have been several discussions at Ministerial level during the ECOFIN Council and Eurogroup meetings, as well as intense bilateral contacts between members of the Commission and the Member States, in particular ministers of Finance. There have also been a series of discussions in the Council committees, namely the Economic and Financial Committee, the Economic Policy Committee and the Eurogoup Working Group.

[4] See Annex 3 for a brief description of the web consultation promotion strategy.

[5] See Annex 4 for a list of the main activities performed up to now.

[6] For the European Parliament Resolution, see https://www.europarl.europa.eu/doceo/document/A-9-2021-0212_EN.html.

[7] For the Opinion of the European Economic and Social Committee, see https://www.eesc.europa.eu/en/our-work/opinions-information-reports/opinions/economic-governance-review.

[8] For the Opinion of the European Committee of the Regions (2021/C 37/05), see https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52020IR1370.

The present report summarises the results of the online public survey, which is an important element of the wider consultation. It was open for responses on 5 February 2020 and closed on 31 December 2021, before Russia's invasion of Ukraine. Almost 90% of the replies were submitted after the relaunch of the public debate on 19 October 2021.[9] The survey invited responses to a number of open-ended questions regarding the EU economic governance. When reading this report, it should be taken into account that the characteristics of the survey participants (see Section 2) do not mirror those of the EU population, for example in terms of nationality, age and economic activity or professional affiliation. Moreover, this report does not presume or interpret the position of those respondents who did not explicitly provide their views on a given theme. As such, the replies to the survey cannot be interpreted as representative of the prevailing view of the EU population. However, the variety and depth of the contributions from stakeholders and citizens provide valuable input to the reflections on the review of the EU economic governance framework.

The rest of the report is organised as follows. Section 2 presents the profile of survey participants. Section 3 provides a first analysis of the responses. Section 4 is the core of this report; it summarises the responses to the survey along six themes. Section 5 provides an overview of the findings and explains the next steps. Annex 1 lists the eleven open-ended questions presented to the stakeholders in the online survey. Annex 2 presents the methodology used for analysing the replies. Annex 3 describes the promotion strategy of the online survey, while Annex 4 lists several events that took place as part of the public debate on the economic governance review.

2. Profile of survey participants

The online survey received 245 contributions in total, but only 225 replies to the questionnaire were considered as valid and analysed.[10]

The contributions originated from 25 different countries: 21 EU Member States and four third-countries (USA, United Kingdom, Switzerland, and Brazil). The highest number of contributions came from Italy (64 responses or 28% of the total number of responses), Belgium (37 responses; 16%) and Germany (31 responses; 14%). No submissions were received from six Member States (Croatia, Cyprus, Estonia, Latvia, Romania, and Slovakia).

The submissions from unaffiliated EU citizens accounted for 21% of total contributions, those by stakeholders from academic/research institution, think tanks, and trade unions represent nearly 47% of the replies. Other contributions were mainly provided by respondents affiliated with non-governmental organisations (NGOs) and the business sector, accounting for about 17% of the contributions (Figure 2).[11]

[9] The survey originally had a deadline for contributions of 30 June 2020. In early June 2020, the Commission extended the deadline and kept the online platform open to responses.

[10] Out of 245 submissions, 20 were invalid (*i.e.* duplications, empty or non-constructive or irrelevant replies).

[11] The contributors were granted the option to identify themselves in 16 different categories, namely EU citizen, trade union, academic/research institution, NGO, think tank, independent fiscal institution, other public authority (*e.g.* regions, municipalities and national statistic institutes), company/business organisation, business association, international organisation, and various others (*i.e.* non-EU citizen, consumer organisation, central bank, national parliament, ministry of finance, and others). It is important to note that the affiliation status provides information only on the professional background of the respondents and not necessarily whether the response is on behalf of the institution the respondent is affiliated with.

Close to 40% of respondents complemented their replies with supporting material. In particular, this relates to respondents from academia and think tanks, who often supported their arguments with accompanying studies and papers.

Not all questions received the same number of responses. Almost all respondents (92%) replied to the first question, on how to ensure sustainable public finances and eliminate macroeconomic imbalances, while only 50% of respondents replied to the last question (Figure 3). This may suggest some fatigue in responding to a relatively long list of open-ended questions. Moreover, some respondents provided very comprehensive replies to the first four questions, also covering issues that could have been raised in response to subsequent questions. This could also have led to some of these respondents choosing not to reply to some of the questions at the end of the survey.

Figure 1: Number of responses by country

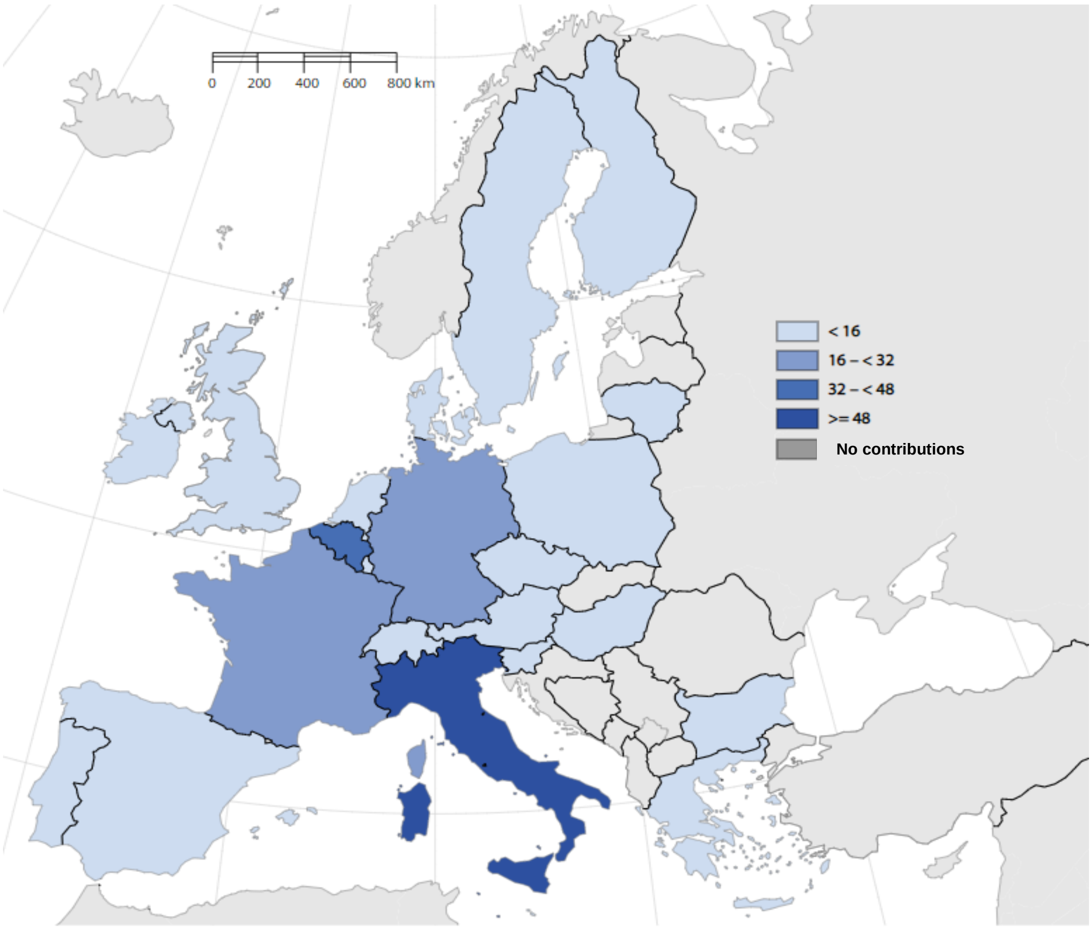


Figure 2: Number of response rate by affiliation

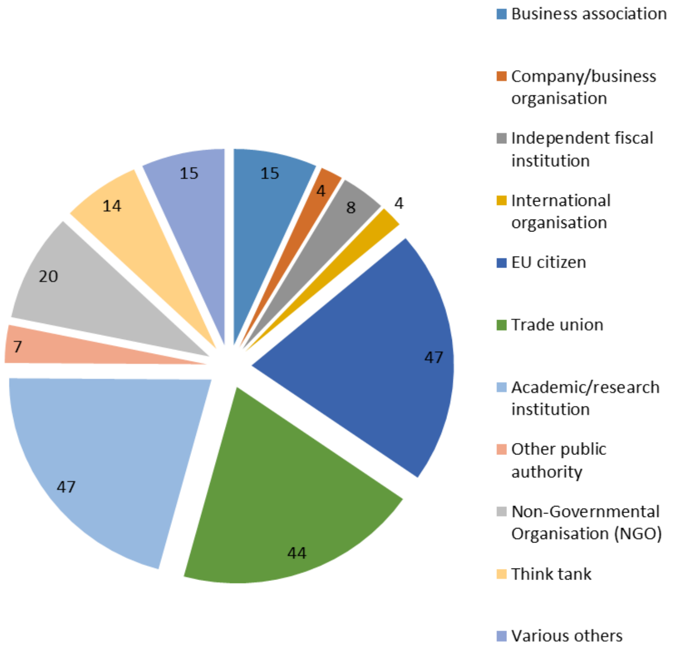


Figure 3: Response rate by question
(in % of total respondents)

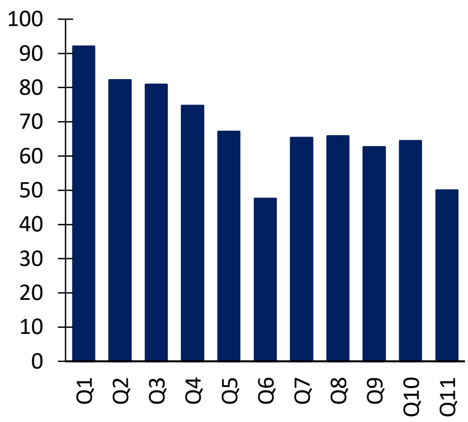
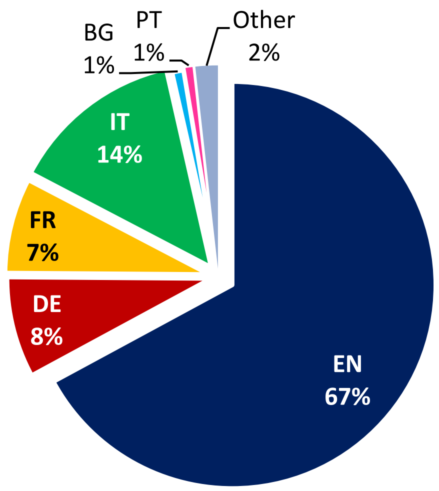


Table 1: Themes of questions
(see complete set of questions in Annex)

Q1: Ensure sustainability and eliminate macro imbalances
Q2: Reconcile stabilisation/sustainability needs
Q3: Incentivise reforms/investments
Q4: Simplify framework/improve transparency
Q5: Focus on more pressing policy challenges
Q6: Lessons from the RRF
Q7: Strengthen national fiscal frameworks
Q8: Ensure effective enforcement
Q9: Interplay between SGP/MIP/EU Semester
Q10: EA dimension and EMU deepening
Q11: New challenges due to COVID

Most contributions were submitted in English (66%), followed by Italian (14%), German and French (8%) (Figure 4).

Figure 4: Responses by language (in %)



3. Preliminary analysis of responses: word cloud and main keywords

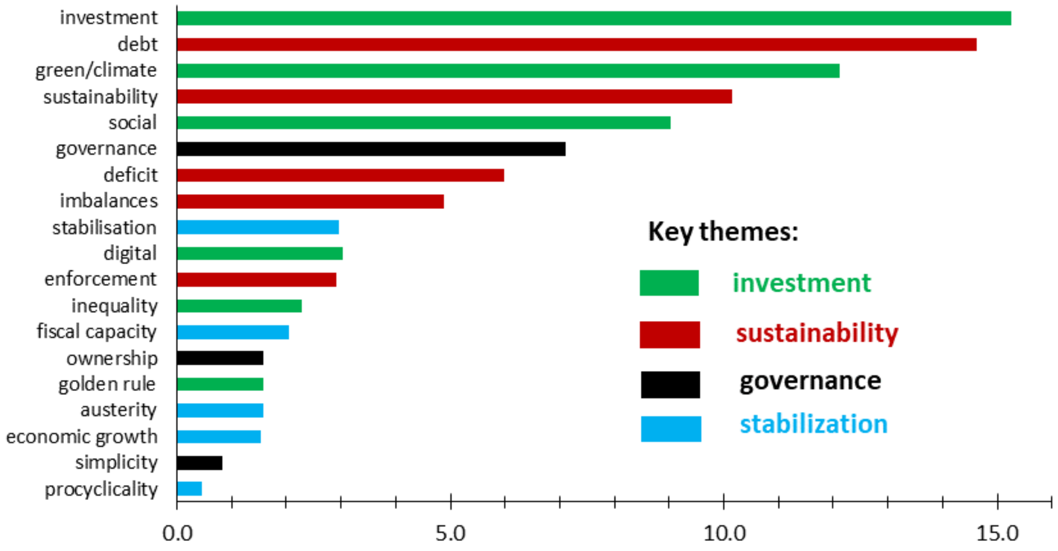
A word cloud of the responses to the survey provides a first and illustrative overview of the responses.[12] The word cloud shows the frequency of occurrences of the 50 most cited words, with frequency being proportionate to the font size in the cloud (Figure 5). This graphical representation illustrates the main topics and concerns in the replies to the eleven questions. Three words stand out in the replies: *social*, *fiscal* and *economic*. Besides these words, other frequently mentioned words include *investment* and *debt*.

Figure 5: Word cloud - 50 most frequent words of submissions

[12] For the purpose of this exercise, contributions submitted in a non-English language were translated in English.

In addition, a text search approach has also been used to identify the main areas of interest of the survey's respondents. For this purpose, a lexicon of words was defined reflecting the most important keywords in the responses. Then, these keywords were gathered into four major themes of the review, namely investment, sustainability, governance and stabilisation. The results (see Figure 6) corroborate a strong interest of the respondents in investment for a greener and more inclusive economy, as well as in debt sustainability issues.

Figure 6: Keywords and themes (% of total references)



4. Thematic summary of the replies

Based on the preliminary keyword analysis of the responses, they have been summarised along the following themes:

(a) Incentivising public investment;

(b) Sustainability of public finances;

(c) Macroeconomic stabilisation, central fiscal capacity and euro area dimension;

(d) Governance: improving compliance, ownership and enforcement;

(e) Preventing macroeconomic imbalances and strengthening economic and social resilience.

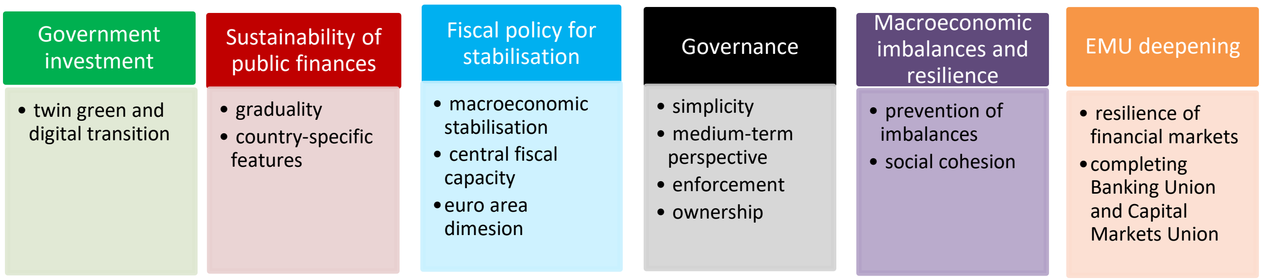
(f) EMU deepening: Completing Banking Union and the Capital Markets Union

These six themes have been central also in the discussions among Ministers in the ECOFIN Council and in the Committees[13], as well as featuring prominently in the resolutions and opinions of the European Parliament, the European Economic and Social Committee and the European Committee of the Regions, as well as in many conferences and meetings on the

[13] The Economic and Financial Committee, Eurogroup Working Group and the Economic Policy Committee.

economic governance review. In the rest of this section, the summary results of the detailed reading of the submissions to the survey are presented along these six main themes.

Figure 7: Main themes



When interpreting the statistics quoted in this section, it should be recalled that this analysis is based on the replies given to a series of open-ended questions. The statistics provide information only on the content of the feedback provided (*i.e.* when the respondents chose to refer to a specific theme and expressed their support or disagreement on an issue or a policy option).

The report does not presume or interpret the position of those respondents who did not explicitly provide their views on a given theme. For example, while three-quarters of respondents identified the need for higher investment as a key EU challenge, this does not mean that the other one-quarter of respondents necessarily believe that investment is excessive or a non-relevant issue. Similarly, while one-quarter of respondents are in favour of making the current account balance thresholds in the MIP scoreboard symmetric, this does not imply that the other survey participants believe the asymmetry of thresholds is appropriate. This means that when analysing responses to open questions, the related statistics must not be understood as an expression of a binary preference.

Moreover the total number of responses, as well as the respondents' affiliation, language and geography, as described above, suggest that the sample of respondents is not representative of the European citizens and stakeholders. Specific groups of stakeholders may have had more of an interest and motivation to express their views in the survey. The results of the survey as summarised in this report should therefore be understood as illustrative of a wide set of views, rather than the representative views of the European population.[14]

a. Incentivising public investment[15]

Supporting investment in the green and digital transitions

Three-quarters of respondents identify the need for higher investment as a key EU challenge. These respondents call for specific provisions in the EU fiscal rules to safeguard or increase overall public investment. They suggest granting preferential treatment in the fiscal rules to certain types of investment that would contribute to meeting EU-wide objectives,

[14] See Annex 2 for more details on the methodology used to assess the survey responses.
[15] This theme mainly corresponds to questions 3 and 11.

such as climate mitigation and the provision of European public goods such as research and vaccine development. In particular, contributors from think tanks, trade unions and business associations and company organisations widely support (around nine-tenths of the responses from the first two groups of respondents, and nearly eight-tenths for the last group respectively) specific incentives for overall public investment in the EU fiscal framework. This is also mentioned, although with lower frequency, by respondents from academic institutions and unaffiliated EU citizens (one-half). A number of respondents argue that the Treaty reference values for the deficit and debt criteria should be revised upwards to take into account the expected cost of the necessary public investments. This view is strongly supported by think tanks and trade unions (three-quarters and nearly two-thirds respectively)

About three-fifths of survey participants highlight the green and digital transitions as key challenges in the years to come. One-half of these respondents call for a permanent exemption of investment expenditure from fiscal surveillance indicators, as a way to tackle the twin transition, for example through a so-called green golden rule.

On the other hand, nearly three out of ten respondents caution against giving preferential treatment to investment expenditure in fiscal surveillance. These respondents, affiliated with the public sector, academia, and business associations and company organisations argue that excluding investment spending from the rules might provide incentives for Member States to re-classify current expenditure into investment spending, rather than increasing the latter.

Close to one-half of all respondents, in particular from think tanks and academia (six out of ten respondents), and business associations and company organisations (one-half), propose making the RRF a permanent element of the EU economic coordination toolkit. In particular, about two-fifths of respondents underline the fact that NGEU and the Recovery and Resilience Facility (RRF) created positive incentives for Member States to implement growth-enhancing investment and reforms.

b. Sustainability of public finances[16]

Safeguarding fiscal sustainability through gradual, and country-specific, debt targets

More than three-fifths of respondents underline the need for the EU fiscal framework to ensure sustainable public finances. The latter is acknowledged by broad majorities in almost all categories of respondents, and in particular by respondents affiliated with think tanks, and with business associations and company organisations.

At the same time, around one-half of respondents argue for country-specific government deficit and debt reference values, and call for **paths for debt reduction that are gradual and consistent with sustained economic growth and specific to each Member State**. They argue that, in the post-pandemic environment, characterised by higher public debt levels across the board and significant cross-country disparities, maintaining and enforcing uniform reference values, and imposing too high debt reduction requirements, would jeopardise the recovery of several Member States and aggravate growth gaps across the EU.

To this end, some respondents, mainly from academia, think tanks and trade unions, put forward two concrete proposals. First, about a third of survey participants call for an

[16] This theme mainly corresponds to questions 1 and 2.

expenditure rule anchored by medium-term country-specific debt targets. This proposal is mentioned especially by think tanks (almost one half) and trade unions (four-tenths). Second, around one-tenth of respondents suggest replacing numerical fiscal rules with **qualitative standards** or norms, and with quantitative fiscal adjustment requirements being provided only in cases where debt sustainability risks were high.

c. Macroeconomic stabilisation, central fiscal capacity and euro area dimension[17]

A framework that provides fiscal space to respond to shocks

About three-fifths of the survey respondents stress the need for the fiscal framework to support the resilience of EU economies to shocks. Respondents affiliated with think tanks, business associations and company organisations, and the public sector strongly support this point (about four-fifths from the first two respondents groups, and three-fifths of the responses from the latter group respectively).[18] **More than half of respondents mention that revised fiscal rules should ensure effective counter-cyclical policies**.

Referring to the EU response during the COVID-19 crisis, slightly more than one-half of respondents welcome the activation of the general escape clause of the SGP and praise the support from the NextGenerationEU (NGEU) package. They argue that the EU-level initiatives facilitated the efforts of Member States to cushion households and businesses from the effects of the COVID-19 pandemic and to support the recovery.

A framework with a central fiscal capacity

About half of respondents underscore the need to equip the EU with a central fiscal capacity to smooth the economic cycle and increase its resilience to shocks. This proposal is strongly mentioned by think tanks (eight out of ten respondents), academic institutions (six out of ten) and trade unions (one-half), while this is less the case among business associations and company organisations (one-fourth). They point out that some Member States tend to refrain from fully using the fiscal space at their disposal, while other Member States do not build sufficient fiscal buffers when the economic conditions allow. Therefore, in their view, in the absence of a central fiscal capacity, it is unlikely that Member States' fiscal policies would collectively deliver the right fiscal stance for the EU and the euro area as a whole.

The euro area dimension of macroeconomic stabilisation

According to half of the survey participants, the COVID-19 crisis illustrated the importance of integration in the EU and in the euro area. As mentioned above, one-half of respondents propose to develop, for the EU or the euro area, **a permanent central fiscal stabilisation capacity** to respond to common and country-specific shocks. Respondents from think tanks, trade unions and academia support this point (eight out of ten, one-half, and about three-fifths of the respondents of these| groups, respectively). In this respect, the broad idea of establishing a permanent mechanism that would provide funding for macroeconomic

[17] This theme mainly corresponds to question 9.

[18] For the purpose of this thematic summary, the respondents that identified themselves as affiliated with public sector-related categories (*i.e.* central bank; national parliament, ministry of finance, independent fiscal institution and other public authority) were grouped into a category "public sector". It is important to note that the affiliation status provides information only on the professional background of the respondent and may not represent the official position of the institution for which the respondent works.

stabilisation was frequently supported by think tanks, public sector and business associations and company organisations (fourth-fifths, seven out of ten and three-fifths respectively). Moreover, think tanks, academics, and trade union representatives (two-fifths, one-third and one-quarter respectively) often called for financing such a capacity through grants financed by EU borrowing, thereby also leading to the development of common safe assets.

d. Governance: Improving compliance, ownership and enforcement[19]

A simpler and transparent economic governance framework

A majority of respondents (i.e around six out of ten participants) point out the need for the reformed EU economic governance framework to be simpler and more transparent. They argue that the complexity of the rules has grown over time, at the expense of transparency, and that complexity could have contributed to a pro-cyclical fiscal stance. Respondents affiliated with the public sector, business associations and company organisations, and think tanks strongly support a framework with clear and operational objectives (at four-fifths, three-quarters and seven-tenths of the respondents of those groups, respectively). Also, around a third of respondents argue that in the current framework, transparency was severely impaired by the reliance on indicators that were volatile, unobservable and, therefore, outside the direct control of policy makers. In particular, some respondents specifically refer to the uncertainty and revisions of the output gap estimates as undermining the predictability and transparency of the framework.

A quarter of respondents call for stronger compliance and enforcement of the EU macroeconomic surveillance framework, including for both the Stability and Growth Pact and the Macroeconomic Imbalances Procedure. Respondents affiliated with business associations and company organisations, (one-half of the responses from that group), are more inclined to call **for stronger tools for enforcement** compared to other stakeholders.

A more forward-looking and medium-term perspective

One-third of respondents criticise the current framework for being excessively backward-looking (*i.e.* assessing compliance based on outturn data) and focused on annual adjustment requirements. These respondents support a fiscal framework with **country-specific and multi-annual targets**. Around one-fifth of participants call for a framework that focuses on gross policy errors, that is on those Member States that, over a medium-term horizon, pursue policies that endanger fiscal sustainability and undermine macroeconomic stabilisation.

Respondents have mixed views on how to improve compliance with the economic framework. One-tenth of respondents express support for the existing system of pecuniary sanctions. At the same time, two-fifths advocate an inclusive policy dialogue with Member States, national parliaments, representatives of the organised civil society and social partners when fiscal thresholds are breached. Around two-fifths and three-fifths of respondents from public sector, and from think tanks and academia support this position respectively. This is also mentioned, although with much lower frequency, by respondents affiliated with trade unions (about one-third of the respondents of this group).

[19] This theme mainly corresponds to questions 4, 6, 7 and 8.

A fiscal framework that fosters national ownership

Around one-quarter of stakeholders mention that NGEU and the RRF provide useful insights on how to foster ownership at the Member States level and improve implementation. These respondents emphasise the role of Member States under the RRF to establish their own policy reforms and priority investments, and the positive financial incentives provided by the EU.

In addition, almost one-third of the stakeholders argue for a greater involvement of the Member States' independent fiscal institutions (IFIs). Some of the respondents suggest that a greater role for the IFIs in monitoring compliance with the fiscal rules would lead to higher ownership of the fiscal framework by both policy makers and citizens. Those respondents argue that effective IFIs may also increase the reputational costs for governments that pursue imprudent fiscal policies or break key commitments. Many respondents affiliated with business associations and company organisations (six out of ten), public sector and think tanks mainly support this point (around two-fifths and one-third of the respondents of the latter groups respectively).

e. Preventing macroeconomic imbalances and strengthening economic and social resilience [20]

A framework that identifies and prevents macroeconomic imbalances

Around four out of ten respondents call for further interactions between the Stability and Growth Pact (SGP) and the Macroeconomic Imbalances Procedure (MIP), arguing that both surveillance processes are strongly interrelated. Those contributors in particular noted that greater interaction between the two instruments could help improve the growth-friendliness of public finances as well as the achievement of various social and environmental policy objectives. The suggestion for stronger interaction between the SGP and MIP is mainly supported by trade unions and business associations and company/business organisations (close to six out of ten of the respondents of these groups), but also by respondents affiliated with the public sector (one-quarter of the respondents of this group), academia and think tanks (one-third and about two-fifths of the respondents of these groups).

Around one-half of respondents argue that the pace of fiscal adjustment should take into account other macroeconomic challenges. Most of these respondents argue that private sector deleveraging coupled with fiscal consolidation constraints could provide too stringent adjustment requirements for high-debt Member States. One-half of the respondents also argue in favour **of including environmental, climate and social goals (and related indicators) in MIP surveillance.** Mainly respondents from academia, think tank and trade unions support this point. Other respondents, mainly those affiliated with the public sector, are more of the view of keeping a close focus on the MIP's original objectives.

About one-quarter of respondents call for improving the enforcement mechanism of the economic framework, including through the application of the excessive imbalances procedure (EIP). One-quarter of respondents, mainly from academia (about one-third of the respondents from this group), trade unions and public sector (about one-quarter of the respondents from each of these groups), are in favour of making the **current account balance thresholds in the MIP scoreboard symmetric** for both surpluses and deficits.

[20] This theme mainly corresponds to questions 1 and 9.

A role for the economic framework in supporting social cohesion

A third of the contributors call for an EU economic framework that contributes **to preventing and correcting lasting social disparities**. It is argued that such disparities might threaten the prosperity and financial and economic stability of the EU as a whole, and ultimately its social market economy. In particular, trade unions emphasise this point. Many of these respondents acknowledge that high public debts and the increasing ageing-related costs, in addition to the investments challenges, will further increase the pressure on public finances. Mixed views have been expressed by the respondents concerning the creation of new procedures in addition to the existing ones. A group of respondents mainly affiliated with trade unions asked for setting up a new procedure on social imbalances.

f. EMU deepening: Completing the Banking Union and the Capital Markets Union[21]

None of the questions asked in the survey referred specifically to the Banking Union and Capital Markets Union. However, **close to one-fifth of respondents refer to the need to improve the resilience of the European financial markets and to complete the Banking Union and the Capital Markets Union**. Some respondents mention the European deposit insurance scheme (EDIS) as providing an important safeguard in case of asymmetric sovereign credit risk shocks, notably when monetary policy were to start normalising in the euro area.

5. Overall summary and next steps

Respondents to the survey submitted a variety of perspectives on the way forward for the EU's economic governance framework. While the replies to the survey cannot be interpreted as representative of the prevailing view of the EU population, the variety and depth of the contributions from stakeholders and citizens provide valuable input to the reflections on the review of the EU economic governance framework.

Many respondents mentioned that the EU economic governance framework should become more growth-friendly, mindful of social issues, and support the policy priorities of the twin transition. Most respondents acknowledge that debt sustainability should remain a central objective of the EU fiscal rules. Many respondents support a credible and gradual path towards lower debt in Member States with high debt levels, emphasising that the target for the reduction in the debt ratio should be realistic to avoid negative effects on the economy.

A large number of respondents stress the need to incentivise investment as a necessary feature of the economic governance framework. Green investment is identified as deserving special attention due to the global climate challenge.

Survey participants call for simplification, transparency and stronger national ownership of the fiscal rules. Many respondents advocate for a more medium-term oriented framework and reduced reliance on complex, unobservable and volatile fiscal indicators over which policy makers have no direct control, while some also call for stronger enforcement.

The RRF is seen by many as, not only instrumental to finance additional investment, but also as a good inspiration for the future governance framework in terms of fostering

[21] This theme mainly corresponds to question 10.

national ownership, promoting reforms and priority investments through positive incentives. Many respondents support the establishment of a central EU fiscal capacity, in particular for macroeconomic stabilisation. Many participants also favour strengthening national fiscal frameworks, including through a greater role for independent national fiscal institutions. Several responses support stronger compliance and enforcement of the surveillance framework.

Most stakeholders call for greater synergy between the different components of the European Semester for Economic and Employment Policy Coordination, including through more linkages between the SGP and the MIP, to improve the growth-friendliness of public finances and the simultaneous achievement of various policy objectives.

Next steps

The views expressed through the online survey are part of a wide-ranging consultation with stakeholders. As the Commission announced in the Communication of 3 March 2022,[22] based on the ongoing public debate and the discussions with Member States, the Parliament and the Council, the Commission will provide orientations on possible changes to the economic governance framework with the objective of achieving a broad-based consensus on the way forward well in time for 2023.

[22] 'Fiscal Guidance for 2023,' COM(2022) 85 final.

Annexes

A.1. Questions of the online survey

The online survey was available on the *EUSurvey* online platform and consisted of eleven open-ended questions reflecting the key issues for the public debate.[23]

The questions were as follows:

Q1: How can the framework be improved to ensure sustainable public finances in all Member States and to help eliminate existing macroeconomic imbalances and avoid new ones arising?

Q2: How can the framework ensure responsible fiscal policies that safeguard long-term sustainability, while allowing for short-term macroeconomic stabilisation?

Q3: What is the appropriate role for the EU surveillance framework in incentivising Member States to undertake the key reforms and investments needed to help tackle today and tomorrow's economic, social, and environmental challenges while preserving safeguards against risks to debt sustainability?

Q4: How can one simplify the EU framework and improve the transparency of its implementation?

Q5: How can surveillance focus on the Member States with more pressing policy challenges and ensure quality dialogue and engagement?

Q6: In what respects can the design, governance and operation of the RRF provide useful insights in terms of economic governance through improved ownership, mutual trust, enforcement and interplay between the economic and fiscal dimensions?

Q7: Is there scope to strengthen national fiscal frameworks and improve their interaction with the EU fiscal framework?

Q8: How can the framework ensure effective enforcement? What should be the role of financial sanctions, reputational costs and positive incentives?

Q9: In light of the wide-ranging impact of the COVID-19 crisis and the new temporary policy tools that have been launched in response to it, how can the framework – including the Stability and Growth Pact, the Macroeconomic Imbalances Procedure and, more broadly, the European Semester – best ensure an adequate and coordinated policy response at the EU and national levels?

Q10: How should the framework take into consideration the euro area dimension and the agenda towards deepening Economic and Monetary Union?

Q11: Considering how the COVID-19 crisis has reshaped our economies, are there any other challenges that the economic governance framework should factor in beyond those identified so far?

[23] The online survey initially (in February 2020) included nine questions. In October 2021 two additional questions (No. 6 and 11) were added to the questionnaire, while another was slightly reformulated (No. 9).

A.2. Methodology for assessment

Before describing how the Commission services proceeded to analyse the replies submitted to the online survey and presented in the thematic summary above (Section 4), it is crucial to note the open-ended nature of the questions. The statistics drawn from the analysis of responses only inform on the content of the feedback provided (*i.e.* when the respondents do refer to a specific theme and expressed a preference towards an issue or option). They do not presume or interpret the position of the respondents on a given theme if the respondent did not mention it explicitly. When analysing responses to open questions, the related statistics should not be understood as an expression of a binary preference.

A two-stage methodology was followed for analysing the responses to the open-ended survey questions. First, a qualitative analysis was carried out in order to summarise in a systematic manner the main messages conveyed by each respondent. For this purpose, the Commission services grouped together those replies that referred to a common theme. The themes and sub-themes reflected the issues raised in the eleven open-ended survey questions.[24]

Second, a quantitative analysis was performed in order to support and illustrate the replies. The replies recorded for each theme and sub-theme were distinguished between those supporting that particular concept or proposal and those against. Based on this tagging of the survey's replies, statistics were computed on the respondents' stance on the various themes and sub-themes. The *metadata* related to the respondents' profile (*i.e*. the information on the respondents' affiliation) was used to provide context. In this way, the analysis presented the overall positions of the respondents regarding the economic governance review topics and, at the same time, it differentiates between the various positions on a given topic across the different affiliations of respondents.

A3. Online consultation - Promotion strategy

The Commission first launched the public debate on the review of the EU's economic governance framework with a Communication published on 5 February 2020. Although all other aspects of the public consultation were put on hold because of the pandemic, between spring 2020 and autumn 2021, the online survey remained available throughout.

The launch and relaunch of the public debate were promoted by extensive media outreach activities. First, Executive Vice-President Dombrovskis and Commissioner Gentiloni participated in press conferences and engaged in media interviews on the days of the launch and relaunch of the consultation. This outreach was supported by Commission press releases and explanatory Q&A documents, along with promotion via the Commission's social media channels.

Second, the opportunity to contribute to the debate was also highlighted in DG ECFIN's E-news newsletter, which has a recipient list of over 20,000 subscribers, for the entire period it was open. Finally, the launch and relaunch of the public debate, including the online survey, received widespread media attention across all Member States.

[24] The list of the themes include the sustainability of public finances; government investment; fiscal policy and stabilisation; macroeconomic imbalances; governance, medium-term planning and enforcement; EMU deepening; other objectives and proposals for the EU economic governance framework.

A.4 Events organised as part of the debate on the EU economic governance framework[25]

Since October 2021, the Commission has engaged with many stakeholders through a variety of meetings and webinars. Following the Commission Communication relaunching the public consultation in October 2021, there have been several discussions at Ministerial level in particular during the ECOFIN Council and Eurogroup meetings. Intense bilateral contacts also took place between members of the Commission (in particular Executive Vice-President Dombrovskis and the Commissioner for the Economy Gentiloni) and the Member States, in particular Finance ministers. There have also been a series of discussions in the Council committees (in particular the Economic and Financial Committee, the Economic Policy Committee and the Eurogoup Working Group).

In addition, Commission representatives (both Commission members and Commission staff) participated in many economic governance review-related events involving members of EU institutions, Member States, academia/think tanks and other civil society stakeholders. Several of these events were organised by the European Commission, while others were organised by other EU institutions and bodies, and by other stakeholders. Some of these events were open to the public and included the civil society perspective, while others were more technical and directed to experts in the field.

- On **12 November 2021**, the European Commission organised a webinar on the future of the EU fiscal governance framework, with the participation of experts from the ministries of finance, the ECB, international institutions, think tanks, and experts working in the private sector.
- The Commission's Annual Research Conference on **15 November 2021** focused on the broader economic and social challenges facing the economy post-COVID-19.
- On **2 December 2021**, the Commission organised a webinar on medium-term budgetary frameworks, while on **9 December 2021** the Commission hosted a conference on Independent Fiscal Institutions (IFIs).
- A workshop on the Macroeconomic Imbalances Procedure was held on **8 December 2021**. Participants examined the difficulties to detect harmful macroeconomic imbalances and explored ways in which the policy traction of macroeconomic surveillance could be enhanced.
- On **22 February 2022**, the European Commission and the European Economic and Social Committee jointly organised a public seminar, with participants from the European Parliament, trade unions, business representatives, Non-Governmental Organisations, other members from civil society and academia/think tanks. The seminar examined the interplay between the objectives of social cohesion, debt sustainability and growth, as well as how to support the twin green and digital transition.
- The Commission also organised several webinars for specific groups of stakeholders, such as for the staff of national parliaments, the staff of the European Parliament, financial sector experts, trade union officials, and small and medium-sized enterprises.
- Several Commission Representations in Member States also organised events focused on the respective country audience, including in Italy and Slovenia.

[25] The Commission's dedicated economic governance website (https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/economic-governance-review_en) serves as a hub for information on the various events organised by the Commission.

Several meetings were organised by the European Parliament (EP), the European Central Bank (ECB), the European Committee of the Regions (CoR) and the European Economic and Social Committee (EESC) as part of their work on their respective reports, opinions or resolutions on the economic governance review.

- Between **February 2021** and **July 2021**, the Commission followed several debates of the European Parliament's Committee on Economic and Monetary Affairs (ECON) on the preparation of its Report on the economic governance framework. At the European Parliament's plenary session of **7 July 2021**, the Commission participated in the debate on the ECON's report.
- The Commission services also followed the debates of the EP's Committee on Constitutional Affairs (AFCO) on its opinion to the ECON Committee in **February** and **March 2021**.
- Ahead of the adoption of the EESC Opinion at its plenary session on **18 September 2020**, there were several meetings followed by the European Commission. In **June 2021** and **September 2021**, the Commission participated in two meetings of an EESC study group, which contributed to the preparation of an own-initiative opinion on 'Reshaping the EU fiscal framework for a sustainable recovery and a just transition' on **20 October 2021**.
- Between **September** and **December 2020**, the Commission services also followed several meetings organised by the CoR, which preceded the adoption of the CoR's Opinion in its plenary session on **10 December 2020**.
- The ECB's fifth biennial conference on fiscal policy and EMU governance of **2 and 3 December 2021** explored issues related to the reform of EMU economic governance.

The Commission also participated in, or followed, many other events organised by a variety of stakeholders:

- The Commission participated in the European Fiscal Board's (EFB) Conference on the fiscal framework (organised jointly with the Centre for Economic Policy Research and the Amsterdam Centre for European Studies) on **28 February 2020**, as well as the EFB's annual conference on public finances and climate change in the post-pandemic era on **25 February 2022**.
- The Commission participated in the European Stability Mechanism's (ESM) conference on deepening the Economic and Monetary Union on **24 January 2022**.
- On **28 January 2022**, the Commission joined the International Monetary Fund's 9th Annual Fiscal Workshop, which had a dedicated session on reforming the EU fiscal framework.
- Commission staff also participated in and followed many other economic governance review-related debates, including those organised by the following organisations:
    - European Trade Union Confederation (ETUC) (**7 September 2021**),
    - Eurofi (**9 September 2021**),
    - European University Institute (**16 September 2021**),
    - FiscalMatters (**28 September 2021**),
    - Austrian Federal Chamber of Labour and Austrian Trade Union Federation (**29 September 2021**),
    - FiscalMatters, New Economics Foundation and ETUC (**30 September 2021**),

- ZOE Institute for Future-fit Economies (**1 October 2021**),
- EconPol Europe (**13 October 2021**),
- Foundation for European Progressive Studies (**25 October 2021**),
- EU Independent Fiscal Institutions Network (**23 November 2021**),
- Centre for European Policy Studies/Intereconomics (**30 November 2021**),
- Centre for Economic Policy Research (**16 December 2021**),
- Agora Energiewende (**9 February 2022**),
- European Policy Centre-Istituto Affari Internazionali (**22 February 2022**)