

# **Reshaping the EU fiscal framework for a sustainable recovery and a just transition. EESC proposals for reforming the EU economic governance**

Joint ECFIN-EESC conference:  
The way forward for EU economic  
governance

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EESC opinion

## Towards a pragmatic approach....

### Focus on

- the most pressing problems of the EU fiscal rulebook
- reform proposals possible without treaty change and ideally by means of an ordinary legislative procedure



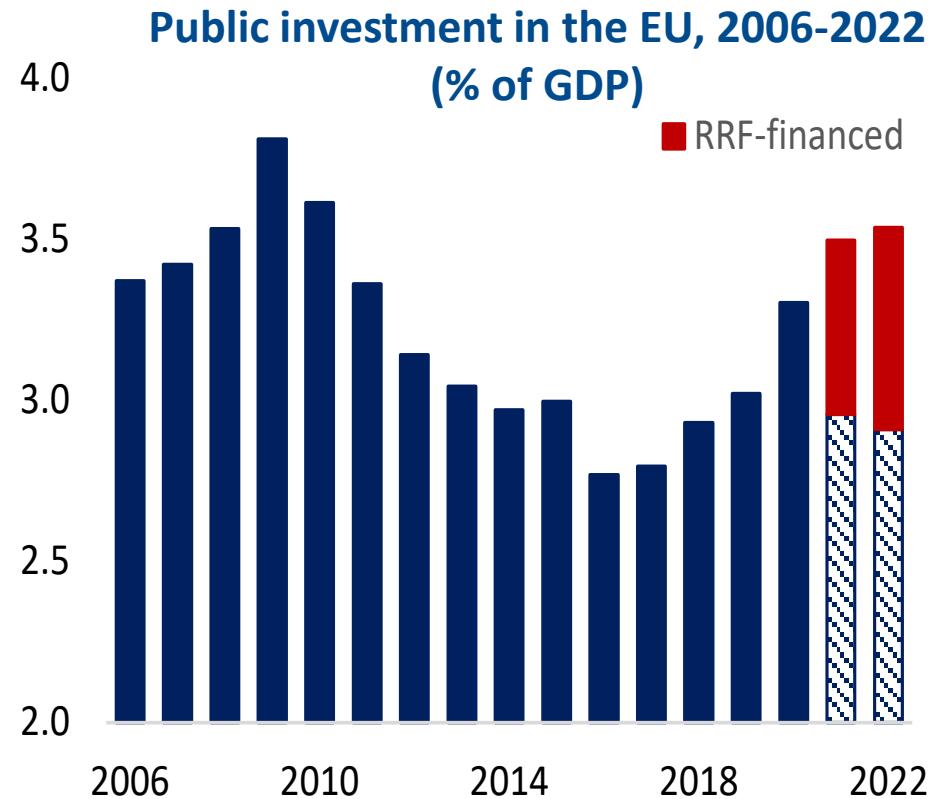
**Between high ambition and pragmatism:  
Proposals for a reform of fiscal rules  
without treaty change**

STUDY

# 1) Chronic lack of public investments

- Massive investment needs to master twin transition
- RRF is not enough

→ Golden Rule of public investments



Source: European Commission

## **2) Debt reduction paths**

- **more flexibility**
- **more country-specific differentiation**
- **Reform of 1/20-rule of major importance to prevent return to austerity**

### **3) Problem of procyclicality**

- **Abolish structural balance rule in favour of an expenditure rule**
- **Reform potential output calculations**

## **4) Democratic governance**

- **Effective involvement of civil society, European Parliament and national parliaments in the European Semester**
- **Sanctions-based approach is problematic**
- **Democratic participation is key to improve ownership**