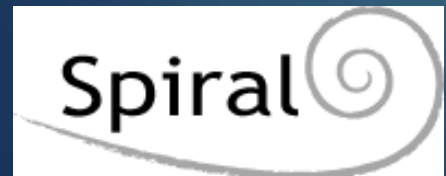


Second International Conference on Public Policy
Milan, 1-4 July 2015

Centrifugal federalism under European economic governance: Implementing ESA standards in Belgium

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1) Introduction

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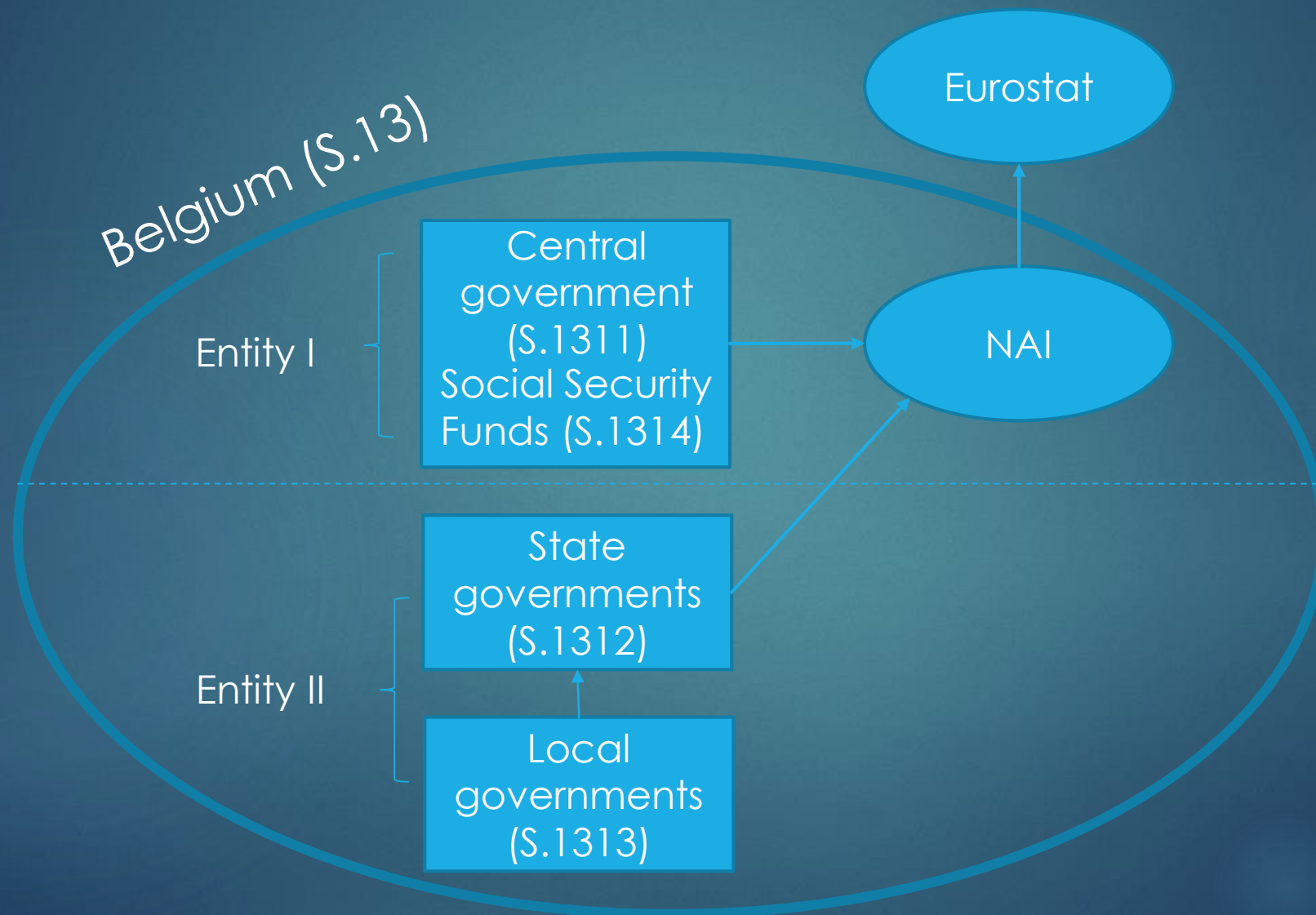
- ▶ In order to join the EMU, the Maastricht Treaty required governments to limit their deficit and debt to respectively 3% and 60% of GDP
- ▶ Issue raised? **Datas' credibility and comparability**: « *Would a 3 percent deficit in Belgium be equivalent to one in Italy or France?* »
- ▶ Answer? European System of national and regional Accounts (ESA) as a **common methodological framework**
- ▶ Eurostat has to **closely monitor** the implementation of this national accounting standard

2) Research question and hypotheses 3

- ▶ **Research question:** how does Belgium comply with ESA standards?
- ▶ Even if a uniform application across and within member states could (naïvely) be expected with regard to the legal status of the abovementioned instruments, **policy implementation literature** shows that **gaps** can occur between “law in the books” and “law in action”
- ▶ **Competing hypotheses:**
 - As a supposed “**champion of European integration**”, Belgium could be expected to properly implement European national accounting standards
 - Domestic factors (such as Belgium’s **institutional architecture**) could prevent the comprehensive implementation of this European standard

3) National accounting in Belgium

4



3) National accounting in Belgium: problems faced

5

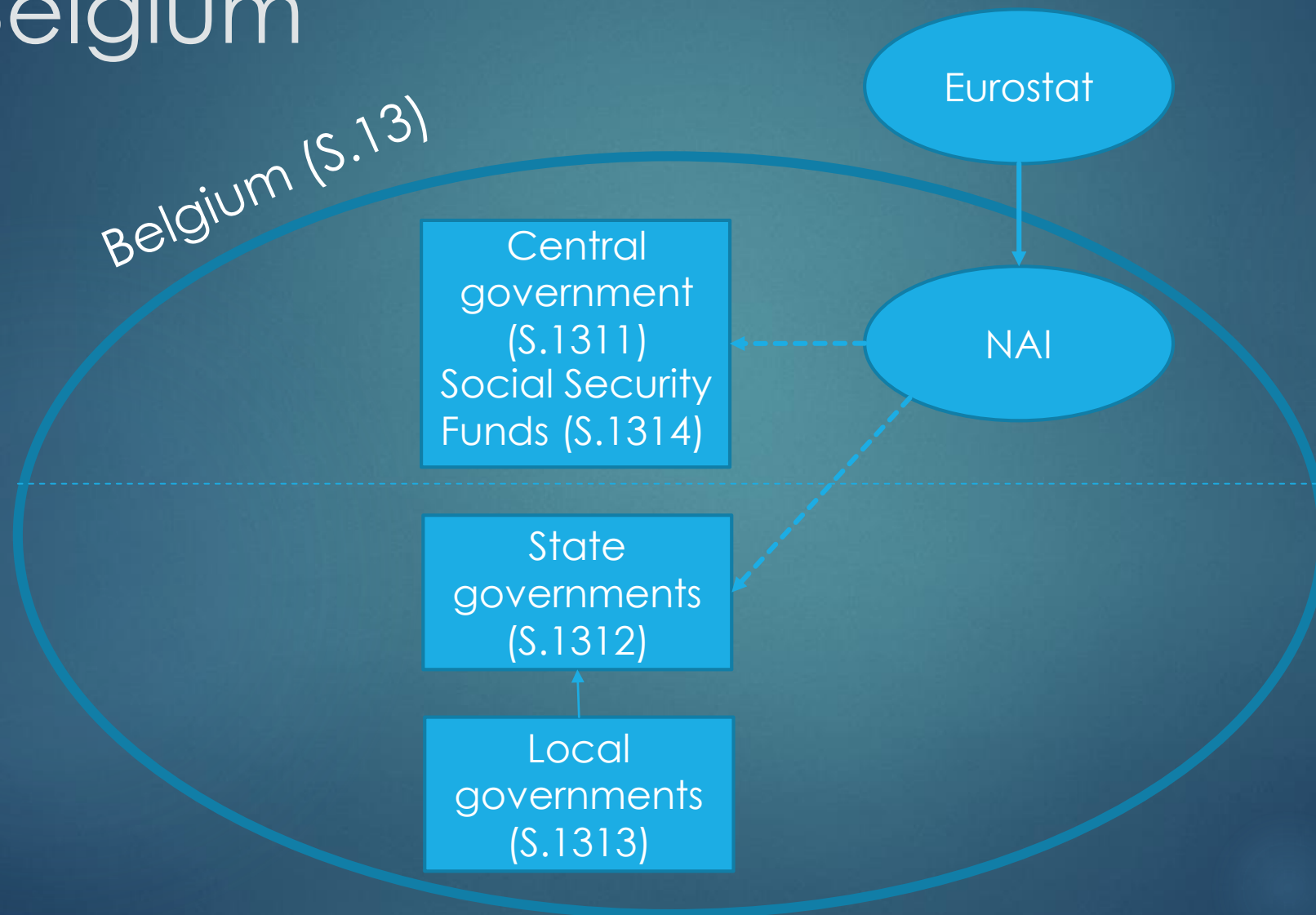
- ▶ For a long time, both monitoring agencies were **understaffed**
- ▶ Consequence? **Weak enforcement capacity** and case-by-case (rather than comprehensive) analysis:
- ▶ Development of **by-passing strategies** to keep **public investment expenditures** off-balance, mainly at state and local level (responsible for nearly 90% of total public investment in Belgium)

4) The evolution of Eurostat's monitoring prerogatives

- ▶ 1st Greek crisis (2004): no major change
- ▶ Revision of the SGP (2005):
 - Regular **dialogue visits**: identification of risks or potential problems about the quality of the reported data
 - Methodological visits, in case of **substantial** risks or potential problems
- ▶ 2nd Greek crisis (2009) as a **turning point** → Dramatic increase of Eurostat's monitoring capacity and prerogatives ("from supervisor to auditor")
 - **Increased resources** (staffing as well as budget)
 - **Auditing power** during methodological visits
 - **Possible fines** against states that misrepresent deficit and debt data

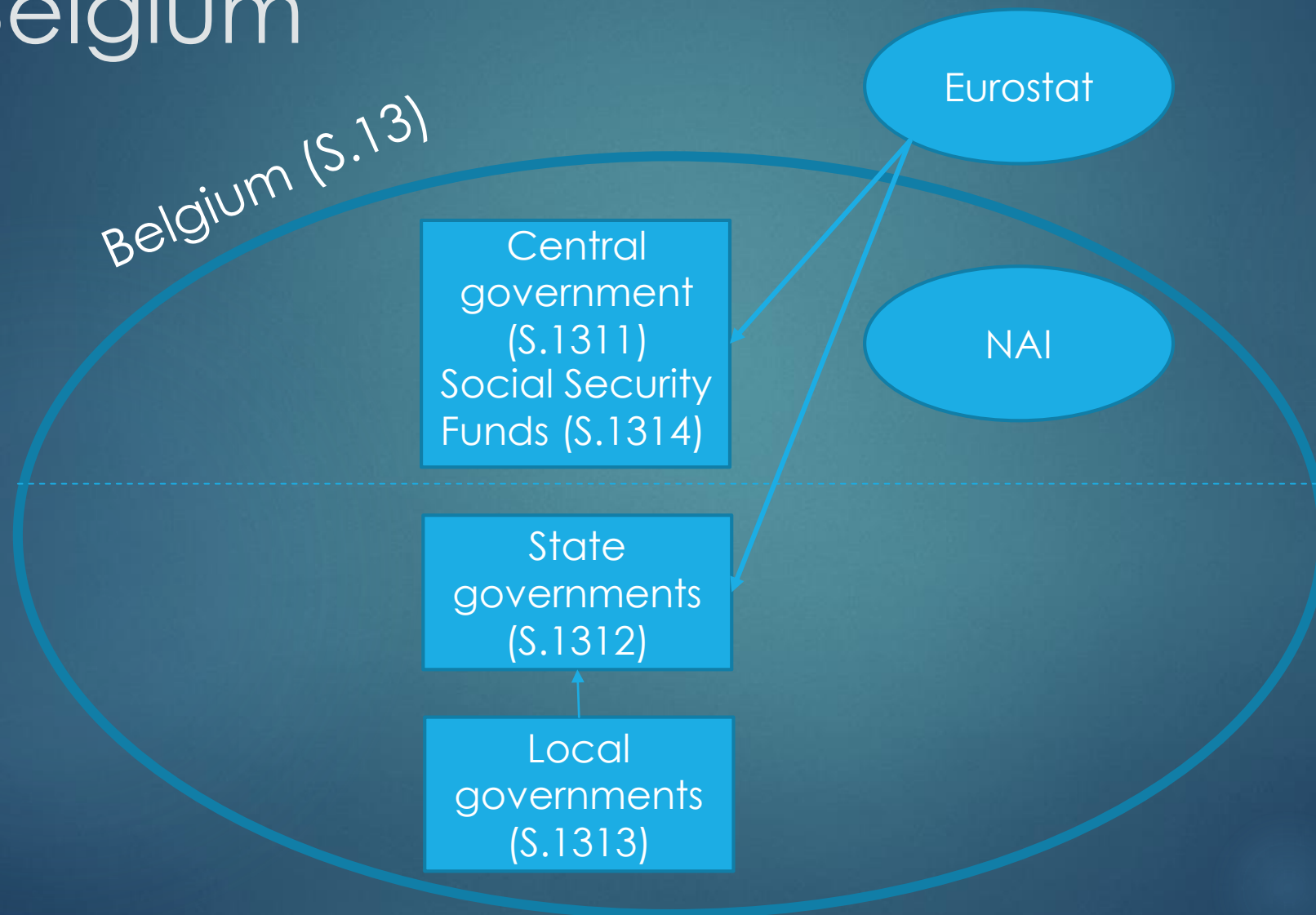
5) Impact on national accounting in Belgium

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5) Impact on national accounting in Belgium

8



Conclusion

- ▶ Even in the case of European primary law and regulations, compliance is **not a natural result** but an **iterative process** involving a network of actors → regulators need **resources** to enforce rules
- ▶ In the case of Belgium, **domestic factors** (and particularly the combination of the NAI's lack of resources and the institutional architecture's complexity) long prevented a comprehensive implementation of ESA standards
- ▶ In 2014, Eurostat clearly took control over the making of Belgium's national accounts → **Outward sign of Europeanization**

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