

EU fiscal policy shifts: towards more integration?

Marin Mileusnic

To cite this article: Marin Mileusnic (2023) EU fiscal policy shifts: towards more integration?, Economic Research-Ekonomiska Istraživanja, 36:2, 2106277, DOI: [10.1080/1331677X.2022.2106277](https://doi.org/10.1080/1331677X.2022.2106277)

To link to this article: <https://doi.org/10.1080/1331677X.2022.2106277>



© 2022 The Author(s). Published by Informa UK Limited, trading as Taylor & Francis Group.



Published online: 08 Aug 2022.



Submit your article to this journal [↗](#)



Article views: 1068



View related articles [↗](#)



View Crossmark data [↗](#)

EU fiscal policy shifts: towards more integration?

Marin Mileusnic^{a,b} 

^aDepartment of Public Governance and Management, Faculty of Economics and Business Administration, Ghent University, Gent, Belgium; ^bEuropean Parliament, European Parliamentary Research Service, Brussels, Belgium

ABSTRACT

This article sets out to empirically examine the salience of EU fiscal integration processes between 2007 and 2022. By employing text-mining and qualitative analysis, the previously generated discourse on fiscal integration during and after the financial and sovereign debt crisis, several EU regulatory overhauls, Brexit and the COVID-19 crisis has been tracked. Particularly important have been the new counter-COVID-19 policies such as SURE and NGEU as these substantially impacted the course of common fiscal integration. The assessment covered a body of 160 documents including legal texts, peer reviewed articles, communications and reports of the EU bodies and policy papers, and has relied on the neo(neo)functionalism theory to identify shifts in fiscal integration. The findings show that the discourse on fiscal integration gains prominence with each economic and political crisis and that the shifts can go in the direction of either more (upward) or less (downward) fiscal integration, or involve enough (nil) integration.

ARTICLE HISTORY

Received 15 January 2022
Accepted 21 July 2022

KEYWORDS

EU fiscal integration; fiscal union; fiscal capacity; NGEU; NNF

JEL CODES

F02; F53; F55; E62; H87

1. Introduction

The magnitude of the COVID-19 crisis brought about unprecedented challenges to the European Union (EU) economy and beyond. The EU member states (MS) suffered large income losses for households and businesses, witnessed increased unemployment and inequalities, and saw weakened government finances due to elevated spending (e.g., healthcare or unemployment benefits) and decreased revenue collection on the back of shrinking output (European Commission, 2020; Fedajev et al., 2021; Tibulcă, 2021). As their fiscal space became relatively restricted in addressing the upshots of the health crisis, a stronger EU economic governance model based on increased solidarity amongst the MS was warranted. This resulted in new policies such as Support to mitigate Unemployment Risks in an Emergency (SURE) and NextGenEU (NGEU),¹ both representing forms of a fiscal capacity that have hitherto been absent from the EU fiscal architecture.

The said policies provide a degree of stabilisation and can be seen as elements of a fiscal union. The latter construct can come in various shapes and forms, from relying

CONTACT Marin Mileusnic  marin.mileusnic@ugent.be

© 2022 The Author(s). Published by Informa UK Limited, trading as Taylor & Francis Group.

This is an Open Access article distributed under the terms of the Creative Commons Attribution-NonCommercial License (<http://creativecommons.org/licenses/by-nc/4.0/>), which permits unrestricted non-commercial use, distribution, and reproduction in any medium, provided the original work is properly cited. The terms on which this article has been published allow the posting of the Accepted Manuscript in a repository by the author(s) or with their consent.

merely on common fiscal rules, to being more enhanced and featuring a joint budget with allocative, redistributive and stabilising functions, taxing powers and an increased risk sharing system (Allard et al., 2014; Lehment, 2018; Musgrave & Musgrave, 1989; Nicoli, 2016; Simeonov, 2018; van Riet, 2017). However, the more advanced versions of an EU fiscal union with a substantial budgetary capacity would require giving up a part of fiscal sovereignty of the MS and joining a political union. The lack of political support in reaching some advanced versions of a EU fiscal union continues to linger (European Fiscal Board, 2019; Mileusnic, 2021).

Yet, with NGEU in particular, common debt has been established, and such a move signalled that views on deeper fiscal integration have begun to change in an unprecedented way. Besides this, past overhauls have, too, affected fiscal integration (though to a different extent) and need to be taken into account. That is, central to the approach presented in this paper stands the concept of ‘shifts’, which exemplifies policy revamps (real and conceptual) with an impact on the European fiscal union. The shifts can go in the direction of either more (upward) or less (downward) fiscal integration, or involve enough (nil) integration as documented in economic theories of integration such as fiscal federalism (Broadway & Shah, 2007; Naert, 2016; Oreziak, 2018), European integration (Balassa, 1994; Mongelli et al., 2015) and Optimum Currency Area (OCA) (Frankel & Rose, 1988).

To further qualify the shifts, the article also borrows from neo(neo)functionalism (NNF) theory (Nicoli, 2019) which allows to link the major EU overhauls to the emerging political and economic crises. Particularly, the framework defines EU institutions, mechanisms and policies as outcomes of the crisis-led integration or, using the NNF wording, as spillover, spillover, spillback or encapsulation effects. Being an overarching framework, the NNF brings about a rather distinctive interpretation of the EU integration as it blends functional and intergovernmental philosophies, as these, each on their own, tend to fall short in explaining certain recent integration tendencies (see next section).

Against this background, this article contributes to identifying the latest trends in the EU fiscal integration by presenting empirically supported findings. It does so by building a body of 160 documents (divided in three sub-periods) including legal texts, peer reviewed articles, communications and reports of the EU bodies and policy papers. In addressing the salience of the EU fiscal integration processes, Voyant Tools software has been used to count relevant keywords and word forms substantiated by the NNF features, and to present relative and absolute frequencies (quantitative assessment) across the observed 2007–2022 period. The analysis also looks at terms that appear more frequently in proximity of keywords utilised across the entire corpus and the underlying contexts surrounding certain words. This qualitative assessment aided the identification of the overall direction of the EU fiscal policy.

The article is organized as follows. Theories underpinning the shifts with respect to the endured crises are exposed in the second section. The third section brings along a deeper overview of the NNF, followed by the description of methodology and data, and the presentation of the results in sections four and five respectively. Concluding remarks appear in the last section.

2. Traditional theory behind the shifts

The footing for policy shifts that are upward and supranational can be found in the functionalism theory on European integration (classical and neo). The theory attaches an important weight to the creation of supranational rules decided by supranational structures replacing national rules. In this setting, governance structures have been given shape under the community method (i.e., the ordinary legislative procedure) which adds to the integratory upturns. The fallouts of functionalism have thus been visible in various shifts covering the coordination of the macroeconomic imbalances, a crisis management tool (i.e., the European Financial Stabilisation Mechanism), the banking and the capital markets union and the enhanced fiscal governance (Mongelli et al., 2015).

This crisis-driven integration took place despite the fact that the EU cannot be regarded as a federal polity, and the economic (and political) crises that manifested over the years habitually led to integration furthering while fostering supranationalism (Herzog, 2018; Hooghe & Marks, 2019; Nicoli, 2019). The two functional schools, however, cannot give sense to disintegratory aspects nor can explain the crisis-induced integration in areas where treaty-base provisions do not yet exist (Nicoli, 2019) such as a genuine fiscal union which construction would likely require treaty alterations. In contrast, the larger NNF framework allows for such an assessment as it combines different and opposing theories applicable to both real and conceptual (currently non-existing) policies (see next section).

Concurrently, however, other EU policies have also taken form, bearing a different theoretical backing. Intergovernmentalism has been the guiding principle for shifts such as the European Financial Stability Facility (EFSF), its successor the European Stability Mechanism (ESM), as well as the Treaty on Stability, Coordination and Governance (more narrowly, the Fiscal Compact). It stresses the need to oppose supranational tendencies and enforce governmental roles, thus making the EU institutions agents to the MS (Bickerton et al., 2015; Moravcsik & Vachudova, 2003; Schimmelfennig, 2018). In other words, the doctrine interprets the phenomenon by de-emphasizing the integration without halting it completely. Liberal intergovernmentalism, in particular, predicts that the integration will happen only when national economic interests are being considered during intergovernmental negotiations (i.e., bargaining). It fails to account fully, however, for the integratory dynamics occurring beyond national preferences (Nicoli, 2019).

Against this backdrop, upward shifts can either be enacted through new institutions and policies to be governed by the MS without reaching higher echelons of governance (according to intergovernmentalism),² or they can pool (fiscal) competencies further to the supranational level (functionalism). Notwithstanding both ways can lead towards a deeper E(M)U, the functional direction is arguably better suited for the establishment of a fully-fledged fiscal union (defined by a common European interest) since the presence of strong national inclinations would likely impede the formation of such a policy.

The idea of constructing a fiscal union as a pre-condition for the monetary union is an old one and dates back to the Marjolin (1975) and MacDougall (1977) reports. The former called for more fiscal solidarity by introducing a common unemployment

benefit scheme that could act as an automatic stabiliser. The latter report, on the other hand, went further by conceiving a ‘federalist’ option for the EU. It outlined two versions of public sector (small and large) which the profile of the EU budget should be adapted to (with the larger option having federal public expenditure between 20 and 25 per cent of the then union’s GNP). Such a construct would allow for large intergovernmental transfers and perform a stabilising function in situations of economic distress (MacDougall, 1977).

Today, there are different types of fiscal unions however. According to fiscal federalism theory (e.g., Broadway & Shah, 2007), some fiscal unions (e.g., Germany) may require a system based on fiscal rules that are set out top-down (e.g., from supranational to national levels of governance). The rules imposed at a higher level make up for the counterpart to a bailout system or a fiscal capacity allowing stabilisation (i.e., a top-down support in case of economic distress at a lower level). In other fiscal unions (e.g., the US), the system can be highly decentralized, market-driven and without a possibility to bailout lower governments. However, the EU system is somewhat mixed, presumably more complex and less developed (if not incomplete). It combines a coordinated supranational fiscal rule framework, the Stability and Growth Pact (SGP) and a relatively small EU budget (with allocative and redistributive functions), but prohibits a bailout.³

Largely, the EU’s fiscal capacity allows for some stabilisation, but it is rather fragmented and complex as it is being materialised through different modalities outside a centralised EU budget (see Costa Cabral, 2021). In particular, it disposes of an EU unemployment benefit scheme (i.e., SURE, although with limited duration), anti-cyclical funds (possibly SURE if made a permanent instrument), convergence-based funds through which certain stabilising effects are possible (such as NGEU), and governmental backstops for private risk-sharing mechanisms (as happens to be the case with the ESM and the Banking Union). However, none of these resemble a centralised budget where stabilisation is indirectly driven by the interplay between public revenues and expenditures (automatic stabilizers), while also ensuring redistributive and/or allocative functions (see Musgrave & Musgrave, 1989). Such a budget would also comply with the OCA requirements, namely by sanctioning fiscal transfers (occasional, if not permanent) between the currency area members (Frankel & Rose, 1988), and optimising the EU fiscal policy.⁴ In other words, this would allow a genuine fiscal union to take form.

Yet, the E(M)U steered away from complex renditions of a true fiscal union and has focused essentially on strengthening its rule-based fiscal framework instead. Additionally, the main caveats in the E(M)U’s architecture were addressed through the construction of the financial union (i.e., banking and capital markets union), without reaching a fully-fledged fiscal one (Dolls et al., 2016). The rationale behind this is that both constituents of the financial union could act as competent shock absorbers should they be properly assembled (Butzen et al., 2014). But, the building of the financial union lingered, and with the SGP last being updated in 2015 when the flexibility clause was introduced, fiscal governance processes in the EU entered a period of reformative inactivity. This concept of stagnation (Börzel & Risse, 2018) epitomises *nil shifts* as it embraces the status quo.

Finally, in addition to upward and no movements in integration, simultaneous dis-integratory tendencies have been clarified through postfunctionalism theory (a specific branch of functionalism). The theory relies on the notion of politicisation (Schimmelfennig, 2018), which is described as a growing salience of European politics with broadened actors and audiences involved and polarising attitudes or opinions on European integration. The relative diversity of new policies, institutions and proceedings emerging in the EU in the aftermath of the financial and sovereign debt crises (i.e., the new economic governance) made politicisation a distinctive feature of post-functionalism.⁵ Such a direction highlights the importance of national identities, empowers Eurosceptic parties and weakens the support for the European integration (Börzel & Risse, 2018; Hooghe & Marks, 2019; Kuhn, 2019). These facets hence easily fuse with downward shifts as they consider loosen, less or no fiscal rules at the supranational level, reduced or limited fiscal policy coordination, empowered lower levels of governance or an E(M)U exit.

3. Neo(neo)functional framework

The revised neo(neo)functional doctrine (Nicoli, 2019) blends the previously explained insights from functional and intergovernmental philosophies and the aforementioned economic theories. The NNF comes with a static and a dynamic component and it is grounded on five assumptions: bounded rationality, constructed preferences, nature of policies differentiation, governments' minimalism and functional synergies. This paper looks at the static aspects or whether the integration has advanced or decelerated, while fostering either supranationalism or intergovernmentalism.

That is, the static framework embodies the notions of spillover, spillaround, two types of spillbacks and encapsulation as possible outcomes of the crisis-led integration (Nicoli, 2019; Schmitter, 2004). These concepts can all be seen as further qualifications of the shifts. In particular, a spillover⁶ is expected when a policy shift is upward and supranational, meaning that the integration occurs as a result of an increased autonomy and authority of supranational bodies and involves communitarisation of a given policy. This outcome is likely when both governance and policy interdependence are high and there is a degree of shared identity (Nicoli, 2019). Policy interdependence is relevant regardless of the policy domain referring to 'high' or 'low' politics and thus includes more or less oversight from the MS respectively.

A spillaround explains the integration outcomes that are likewise carried on the back of upward shifts, but involve the interstate practice instead. In other words, they are likely to manifest when national preferences are strong (i.e., lack of common identity), the costs of inaction are large and unevenly distributed among the countries, there is a low governance and a high policy interdependence in new policy fields affected by the crisis and requiring integration as a solution (Nicoli, 2019).

Policies that qualify as spillbacks (whether a strong spillback or a retrench) are expected concomitantly with growing politicization, or when shifts are downward and moving from supranationalism to intergovernmentalism. These can transpire when a crisis is being mishandled at the supranational level, policy interdependence is high with integration costs exceeding disintegration costs, and with deteriorating EU

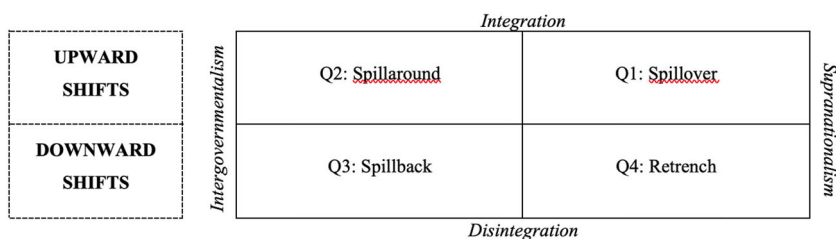


Figure 1. Nicoli's NNF static framework and the shifts.

Source: Author.

output legitimacy (Nicoli, 2019). The upshots of nil shifts, on the other hand, are rationalized by the encapsulation effects under the broader NNF framework, which account for the lethargic state of the enacted policies (i.e., policies that are kept as is due to lack of ambition for reforming them or due to a good design). This also means that certain (dis)integration dynamics preceded the appearance of nil. Before becoming encapsulated, such policies transpired as spillovers, spillarounds or spillbacks.

The static NNF framework hence portrays how the EU institutions adjust and transform as a response to the experienced crises. With the exception of encapsulation, the aforesaid effects are shown below in Figure 1. The horizontal axis of the diagram indicates governance tendencies (intergovernmental or supranational), while the vertical one measures integratory enhances or recedes. The NNF framework (or its segments at least) can be easily linked with the observed shifts, as shown on the left-hand side of the figure.

Bottom-up movements on the vertical axis characterise upward shifts as they occur when integratory increases happen under the intergovernmental (spillaround) or the communitarised setup (spillover). Downward shifts, on the other hand, come with disintegratory, top-down movements. A spillback therefore manifests when common institutions experience scope and autonomy cutbacks, while a retrench, being a weaker spillback, concurrently allows for integration scale-backs and the empowerment of the existing supranational institutions (Nicoli, 2019). The encapsulation effects directly attune nil shifts as they foster stagnation on both, governance and integration front. As these effects do not assume movements on neither of the two axes, they have been omitted from the diagram.

4. Methodology and data

The paper assesses deliberations on deeper fiscal integration in the EU by means of quantitative and qualitative analysis. In so doing, the work of Božina Beroš and Grdović Gnip (2021) has been proxied. Within the qualitative analysis a word search and counting approach has been used across all documents in the corpus (academic, legal and policy contributions) relative to the 2007–2022 period. The relevant documents were collected⁷ using Find-eR interface for exploring the electronic collections of the European Commission library, official web pages of the EU bodies, the Official Journal of the EU, as well as Google Scholar. The quantitative analysis (i.e., text-mining), on the other hand, rests on Voyant Tools software for retrieving word

Table 1. Body of documents (descriptive statistics).

	Number of documents	Word count	Average word count per document
2007–15			
Legal documents	10	175,244	17,524
Peer reviewed contributions	29	858,812	29,614
Communications and other institutional reports	2	11,926	5,963
Working papers and policy briefs	7	98,961	14,137
2016–19			
Legal documents	4	55,979	13,995
Peer reviewed contributions	36	322,245	8,951
Communications and other institutional reports	1	73,918	73,918
Policy proposals	3	8,467	2,822
Working papers and policy briefs	11	138,036	12,549
2020–22			
Legal documents	3	16,867	5,622
Peer reviewed contributions	31	271,907	8,771
Communications and other institutional reports	4	56,487	14,122
Policy proposals	1	1,144	1,144
Working papers and policy briefs	18	215,629	11,979
Total	160	2,305,622	14,410

Source: Author.

counts and word frequency distributions (relative and absolute) of essential keywords that had been substantiated by the NNF features.

Explicitly, the paper inspects how different events in the analysed time-span – three major economic crises (financial, sovereign debt and health), several regulatory overhauls at the EU level, a period of recovery between the distresses and a loss of a member state – have shaped the narrative on fiscal integration. In practical terms, the entire document corpus has been divided in three subgroups to reflect the period from the emergence of the financial crisis to the last alteration of the SGP (2007–2015), the time-span between the latter SGP overhaul and the surfacing of COVID-19 crisis (2016–2019), and the period after the start of COVID-19 (2020–2022). The details and descriptive statistics on the examined body of documents is available in [Table 1](#).

As shown in the above table, 160 documents embodying the views of academia, researchers in other establishments such as think-tanks, and the EU bodies has been inspected. Peer reviewed contributions happen to be the dominant document type with a share of 60% of the entire corpus and an average word count of 15,135 words per document. This is predominantly because the opinion of academia on fiscal matters was quite rich in the aftermath of each of the crises (financial, sovereign debt and COVID-19). Working papers and policy briefs – representing a combined view of both academia and other research venues and institutions (administrations) – appear as the second most dominant category with an average word count of 12,573 words per item throughout the entire period. Concrete actions by the EU bodies or the regulatory overhauls put forward as a response to different economic distresses are grouped under the legal files category (regulations, directives and intergovernmental treaties) with an average word count of 14,594 words per document. The remaining institutional files (European Commission communications, Council reports and policy proposals) account for roughly 7% of the document body. It is worthwhile noting, nevertheless, that the uneven distribution of files per period is intentional, as

the focus has been put on the events that arguably define the process of fiscal integration rather than fixing onto equal timelines.

For the text-mining purposes (see Božina Beroš & Grdović Gnip, 2021), the assessment rests on three sets of keywords⁸ and word forms, which correspond to the three different shifts (upward, nil and downward) in fiscal policy and their qualifications. In particular, core keywords relative to upward shifts have been text-mined as follows: fiscal union, fiscal capacity, spillover, budget, borrowing, instrument, stabilisation and resources. Nil shifts have been text-mined as ESM, banking union, capital markets union, European Semester, SGP, encapsulation, stagnation and status quo. Downward shifts included text mining of the following keywords and word forms: sovereignty, identity, Brexit, politicisation, Euroscepticism, nationalism, fiscal autonomy and spillback. Besides merely considering relative frequencies and word counts, the analysis looks at collocates (i.e., terms that appear more frequently in proximity of keywords utilised across the entire corpus) and the underlying contexts surrounding certain words. This qualitative assessment aided the identification of the overall direction of the EU fiscal policy.

Finally, other meaningful keywords such as financial crisis, debt sustainability, financial cycle or fiscal rule have also been text-mined, but tagged as unsorted in the [Appendix 1](#). This is due to the inability of attributing them exclusively to one shift (e.g., financial crisis) or to the fact that these keywords already have a better representative included under one of the shifts (e.g., fiscal rule is represented under SGP which is attributed to nil shifts). Nevertheless, these unsorted keywords and their corresponding relative and absolute frequencies still serve as contextual information and a robustness check.

5. Results

This section contains the results of the performed analysis while only referring to the relative word frequencies in the text. These appear as fairly low due to the fact that at least 26% of the entire corpus is populated with small common words⁹ (N = 603,925 words in total), which bring the relative frequencies closer to zero. The absolute frequencies indicating the repetition of the used keywords throughout the corpus are presented in [Appendix 1](#) and serve as complementary information. The findings show that upward shifts (or the overall ‘talk’ on more fiscal integration) were always dominant throughout the entire period (i.e., higher average relative frequencies), especially from 2016 onwards (see [Figure 2](#)). This ‘explosion’ of upward shifts was due to the gravity of the financial and sovereign debt crisis and the quest for more fiscal stabilisation. Similarly, the shifts’ prominence has been maintained thereafter owing to the COVID-19 predicament (though to a lesser extent).

By contrast, other shifts were on a rise at the beginning of the examined period, then peaked between 2016 and 2019 and continued to decrease thereafter. In addition to this, they have been significantly less pertinent overall, with similar lower average relative frequencies as shown in [Figure 2](#). The said findings are linked to the deliberate uneven distribution of periods as these are aligned to different events such as major economic crises (including a period of recovery between the crises), EU

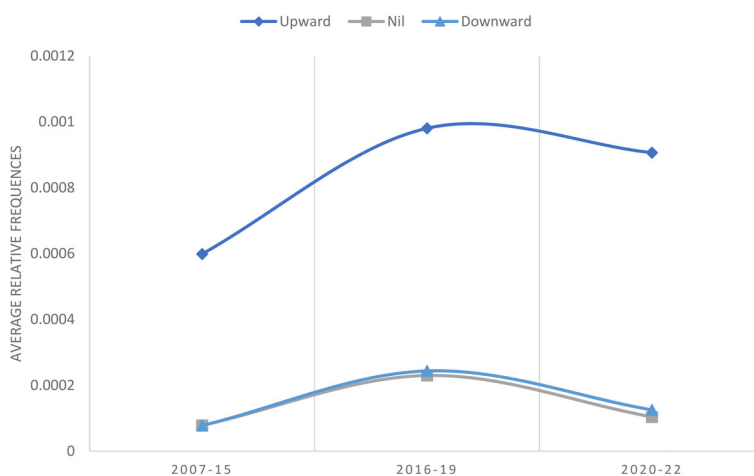


Figure 2. Average relative frequencies per shift.

Source: Author.

regulatory overhauls, or a loss of a member state. Such circumstances have all shaped the narrative on fiscal integration in the EU. The following sub-sections decompose the shifts to its constituents (i.e., pre-defined keywords that had been text-mined per policy shift characteristic) and provide more details on the said events.

5.1. Downward shifts

When looking through the lens of downward shifts, the analysis shows that the academic and political discourse has been highly concentrated around Brexit (including the leave-remain referendum) and the potential abandonment of the common currency. With the exception of politicisation taking a mild skyward swing, the relative frequencies of the remaining keywords have all peaked in the 2016–2019 period (see [Figure 3](#)) and significantly declined thereafter. Particularly the assessment of collocations revealed, for example, that the question of sovereignty and fiscal autonomy is predominantly linked to the euro area fiscal dynamics (i.e., ‘indebtedness’, ‘bonds’, ‘bank’ and ‘risk’), while Brexit resurfaced as detrimental and limited to the EU-UK relationship without clear links (impacts) on other policies.

Both spillbacks in governance and integration (Schmitter & Lefkofridi, 2016) set the precedent for a plausible EU disintegration, yet with a different underpinning. From the UK’s perspective, their departure was caused, among other things, by wrong EU economic governance and the pursuing of the ever closer Union (Luo, 2017). The reluctance to join tighter circles of integration has been visible in various instances since joining the EU. In particular, the country enjoyed rebates from the EU budget, was allowed an opt-out from adopting the euro, and stayed away from ratifying the Fiscal compact. One the one hand, these looms impeded deeper fiscal integration in the EU, but on the other, the restricted application of common provisions did not kick-start fiscal disintegration neither. Thus far, there has been no solid evidence of Brexit affecting the EU disintegration, fiscal or other (Czech & Krakowiak-Drzewiecka,

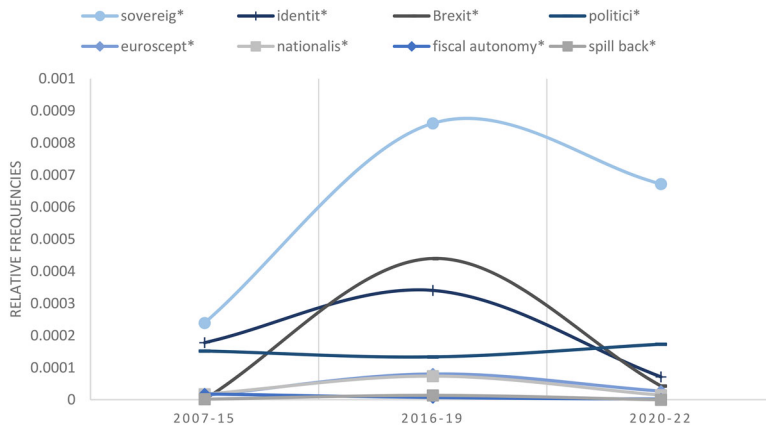


Figure 3. Downward shifts (keyword relative frequencies).

Source: Author.

2019; Mikolajun & Viaene, 2019). With the country's farewell, the integration surely contracted, but other existing governing structures have been strengthened instead,¹⁰ which clearly accentuates the retrench effect according to NNF.

Contrariwise, a Eurozone exit would allow for significant decreases in integration and autonomy of the supranational institutions regardless of which country is pursuing the withdrawal. The impact of the exit, however, would differ between the MS (i.e., the size of the economy) and for the EU as a whole. Such an outcome has been considered in cases of Greece and Italy where their fiscal profligacy directly threatened the EMU architecture (Berger et al., 2019; De Freitas, 2017). As these MS faced limited fiscal space to restart their economies due to the high levels of accumulated debt, the idea on regaining control over the monetary policy resurfaced. Had this truly occurred, the departed country would likely have faced the inability of reducing the already accumulated debt, hyperinflation due to excessive capital flight and elevated borrowing costs (De Freitas, 2017). At the Eurozone level, this would mean fragmentation and a possible increase of nationalism. In addition, pursuing a euro area withdrawal would require introducing changes to the EU legal order due to a currently lacking proceeding that mirrors the existing option for leaving the EU (Art. 50, Treaty on European Union). These outcomes would bring about considerable cutbacks in integration and EU sovereignty without a possibility to compensate losses by enforcing other policies. Hence, a Eurozone exit would make up for a strong spillback.

5.2. Nil shifts

Finding policy examples that could epitomise nil shifts and assessing these in a meaningful way has proven to be rather challenging. Even though the definition of nil shifts is relatively clear, i.e., no movements in integration or governance, newly enacted policies are likely to be steered in some direction (see Figure 1), thus obfuscating a straightforward classification as nil. What can aid the identification, however, is the dormant state of policies. Under the NNF, this is understood as the encapsulation effect, meaning policies bear a good design and purpose and are kept as is, or

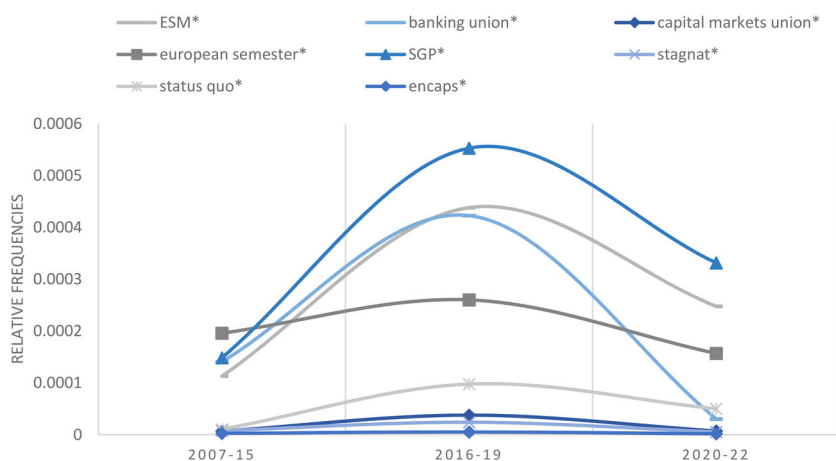


Figure 4. Nil shifts (keyword relative frequencies).

Source: Author.

additional reforms are still pending (and thus signalling their incompleteness). When applying this rationale to the fiscal processes in the EU from today's perspective, the overhaul of the EU governance architecture (2011–2015) fits the description of nil.

Notably, the newly introduced instruments and mechanisms at the EU level such as the ESM, the financial union or the enhanced fiscal framework, were then seen as quintessential features of the upward shifts. As the time passed, these policies lost their reformative energy and reached the point of stagnation, which allowed them to be classified as the paradigms of nil shifts instead. This is also shown in Figure 4 where all the relative frequencies of the corresponding keywords form a concave curve, peaking in the 2016–2019 period. The 'talk' on capital markets union, for example, remained relatively modest as the policy appeared to be arguably underdeveloped, while the topics of fiscal rules and the European Semester maintained greater salience due to recent reforms of the SGP.

Yet, a large part of the discourse was placed around the ESM and the banking union. Defined as a tool of stabilisation for MS facing a payments crisis and intended to provide funding in return for adjustment reform measures (Beetsma & Kopits, 2020), the ESM increased the scope of the EU integration while being merely inter-governmental (initially a spillaround). The analysis of collocates revealed that the policy was closely linked to terms such as 'stability', 'financial assistance', 'support' and 'fiscal', which all explain tool's stabilising role. However, the ESM has been outlined as conditional and ex-post rather than ex-ante (Geeroms, 2017), thus failing to close the gap between the EU's current institutional design and the OCA. Its blueprint has largely been skewed towards the no-bailout clause enshrined in the original EU treaties which prohibits unconditional fiscal transfers between the MS and consequently limits stabilisation.

Analogous to the ESM, the banking union has boosted the E(M)U's resilience by centralising the supervisory role over the EU banks (Single Supervisory Mechanism (SSM)) and providing resolution to the systemically important, troubled banks via the Single Resolution Mechanism (SRM). Both pillars originally qualified as spillovers in

integration and governance (Nicoli, 2019), but due to the subsequent encapsulation, the overall policy remained significantly unfledged. The analysis of collocates also brings the notion of banking union close to the definition of incompleteness (or its synonyms). In fact, the assessment points to the missing third pillar, a European deposit insurance scheme, and a fiscal back-stop for the Single Resolution Fund (SRF)¹¹ under the SRM (Berger et al., 2019; Butzen et al., 2014; Geeroms, 2017). Some progress on the latter, nevertheless, has been made with the agreement to reform the ESM and to make it the last resort for bank resolution should the fund get depleted (European Stability Mechanism, 2021). This reform¹² is set to kick both the ESM and the banking union out of their lethargic state, thus bringing them back in the realm of upward shifts.

5.3. Swimming upwards

Up until the emergence of the health crisis at the beginning of 2020 policy proposals with an upward direction and towards more fiscal integration were scarce, and the discourse on creating a European fiscal union with a substantial fiscal capacity continued to be thin. As shown in Figure 5, these notions came with declining relative frequencies after the 2016–2019 period, while the others showed a rising trend as they rely on what can be arguably defined as a more neutral language (e.g., ‘instrument’ or ‘resource’ prevail over ‘budget’ and ‘borrowing’ over ‘debt’). This has its footing in what is known as issue replacement strategy (Schoeller, 2020), often used during negotiations between the MS where certain (undesired) policy elements are being replaced by others that utilise a rather subtle language (or are dropped altogether). For example, the Meseberg declaration (European Council, 2018) by France and Germany outlined a proposal to create a Eurozone budget with a stabilising functionality. It never materialised, however, since the stabilising role was contested by the Netherlands, which ultimately lead to proposing a somewhat restricted

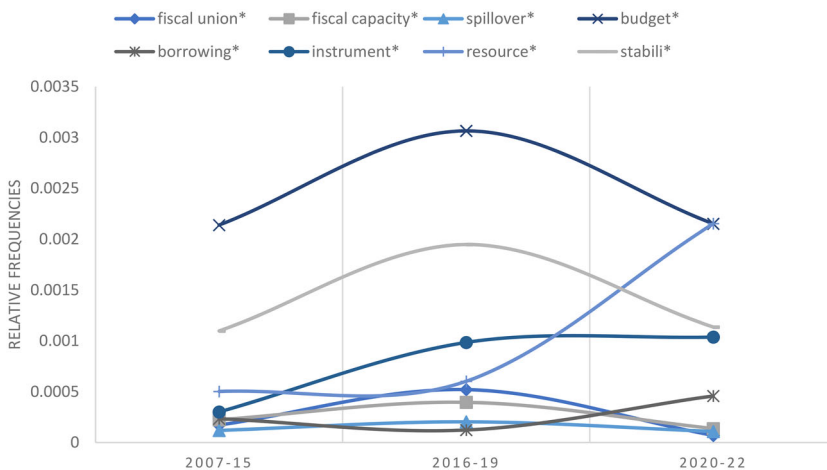


Figure 5. Upward shifts (keyword relative frequencies).

Source: Author.

policy instead – Budgetary Instrument for Convergence and Competitiveness (BICC), focused on convergence and competitiveness rather than stabilisation.

Both policies, the Meseberg proposal and the BICC, would have qualified as spillovers if enacted. Yet, the appearance of the COVID-19 required different policy solutions and the said instruments never took form. The first concrete action henceforth signalling a tangible shift in common fiscal policy has been made by commissioning a common unemployment insurance scheme. SURE, representing a spillover, is a known form of an increased fiscal risk sharing or a fiscal backstop (Allard et al., 2014; Dolls, 2016), as it provides safeguards against individual income risk in a fiscal union. Amounting to EUR 100 billion, the instrument addresses increases in public expenditure for the sake of employment preservation and it complements the already existing national schemes (EUR-Lex, 2020b). SURE has been setup as a measure against the ramifications of the corona crisis and is temporary in nature. There are, however, indications that it could be converted into a permanent structure in the future, which would, in turn, render this fiscal capacity more credible.

A second spillover impacting EU fiscal integration manifested with the introduction of NGEU – the novel policy set out to mitigate the socio-economic damage of the COVID-19 (European Council, 2020). Backed by a considerable increase in solidarity between the MS, the instrument has been financed by unparalleled common borrowing, and the acquired funds are being distributed to the MS in a form of repayable and non-repayable support (i.e., loans and grants respectively). The freshly created common debt is unprecedented as it changed the narrative on deeper fiscal integration in the EU. Figure 5 shows that the ‘borrowing’ variable has been gaining prominence, together with its counterparts ‘debt’, ‘public debt’ or ‘debt sustainability’ (Appendix 1). While still acknowledging the issue replacement strategy (Schoeller, 2020), further analysis revealed that the discourse on debt dynamics has shifted from the negative individualistic, per MS, considerations (i.e., high indebtedness of the MS due to the sovereign debt crisis), to a positive collective one as of early 2020 (i.e., common debt to limit the suffered economic impairment).

As regards to the size of the instrument, the effects of NGEU are likely to be comparable to the national fiscal efforts in stimulating the economy (Alcidi & Gros, 2020). The centrepiece of the instrument is the Recovery and Resilience Facility (RRF) aimed at investments and reforms linked to the green and digital transitions and the resilience of national economies. The fund amounts to EUR 338 billion in grants and EUR 385.8 billion in loans for the 2021–2026 period (European Commission, 2021). Thus far, all MS have requested their corresponding grant money fully, with only seven requesting loans under the facility (Appendix 2). Not contemplating loans does not come as a surprise as this would increase national public debt and the MS are reluctant to do so regardless of the more favourable borrowing conditions that come with the EU’s strong rating on the financial markets. With almost equal loan-grant ratio and the fact that the grant part of the RRF envelope does not come with the piling up of national debt, the EU-financed expenditure can be considered as a proper response in addressing the crisis and bring added value.

Nevertheless, in order to pay back the borrowed money, additional resources have to be pooled at the EU level. The debate on the matter became rich (see relative

frequencies of ‘resource’ in [Figure 5](#)) as it is set to kick-start a series of new spillovers in the attempt to re-define the Own Resources essential for the financing of both, the Multiannual Financial Framework (MFF) and NGEU. In particular, the traditional 1.2 per cent (or 1.4. per cent following Brexit) GNI threshold has been temporarily raised to two per cent to issue common debt¹³ on the capital markets and to tolerate allocation and redistribution of the funds. This increase of 0.6 percentage points raises investors’ confidence as it demonstrates that the debt can be repaid from the EU budget under any circumstances. It also keeps the borrowing costs as low as possible without the need for additional contributions from the MS (European Commission, 2022).

Besides adapting the existing GNI, new resources are likewise needed. The definite mix, however, has not yet been legislated, with only new national contributions based on non-recycled plastic packaging being officialised as of 2021 as a source of revenue (European Commission, 2022). Other possible candidates include a carbon border adjustment mechanism, the EU Emissions Trading System and a resource based on the reallocated profits of very large multinational companies. Finding an agreement on what will ultimately constitute the new Own Resources, however, is likely to be extremely challenging since any prior adaptation to the current system of revenues is subject to unanimity voting and ratification in all MS (EUR-Lex, 2016).

6. Conclusion

The article attempted to identify the dominant direction of the EU fiscal integration from 2007 to 2022. By lensing the NNF framework and employing text-mining and qualitative analysis, 160 documents have been inspected. The assessment revealed that downward and nil shifts were at their highest during the 2016–2019 period. The ‘talk’ that underpinned their incidence involved mainly the outcomes of the sovereign debt crisis and Brexit. Specifically, downward tendencies were gauged by the discourse on the indebtedness of the MS leading to a potential euro area exit and the UK departure from the EU, whereas nil shifts were predominantly concerned by the regulatory fatigue.

Conversely, upward shifts could be viewed as the prevalent force in the EU fiscal processes. This has been substantiated by the steepest trend and the highest (average) relative frequencies of the corresponding keywords throughout the examined period. The analysis showed that deeper fiscal integration might happen as an answer to crises as long as it does not entail reaching sophisticated versions of a fiscal union with a centralised fiscal capacity. Namely, new policies may emerge if they rely on relatively subtle language (e.g., ‘instrument’ rather than ‘budget’) and are made temporary, notwithstanding the inclusion of genuine fiscal elements such as common debt (e.g., NGEU). Largely, the shifts are policy induced; they do not exclude each other and can occur simultaneously.

One limitation of this paper, however, reflects the focus on the opinion of academia and the actions at the EU level. It would be worth encompassing – and this remains an opportunity for future research – views from the MS by including, for example, transcripts from parliamentary debates on the said topics in given timelines,

and performing a sentiment analysis. This would render the shifts more far-reaching while also allowing for new inferences when contrasting the two level of governance. Additionally, the relatively short period after the COVID-19 crisis comes as equally limiting. As the body of documents will continue to grow in the coming years, new underlying features linked to the shifts may emerge.

Since the discourse on deeper fiscal integration restarts with each new economic (and political) crisis, the topic of a European fiscal union might gain prominence in the future. It is likely that these dynamics will be again defined by the need for more stabilisation in the EU. The whole process of building such an entity might as well start by removing the ‘temporary’ in both, NGEU and SURE policies.

Notes

1. SURE was adopted on 19 May 2020 (EUR-Lex, [2020b](#)) and NextGenEU on 14 December 2020 (EUR-Lex, [2020a](#)).
2. Intergovernmentalism also allows for swift decision-making when critical situations cannot be resolved under the arguably lengthy community method or when the provisions in the EU treaties cannot be met.
3. Art. 125, Treaty on the Functioning of the European Union (TFEU).
4. The Eurozone has 19 domestic fiscal policies interacting with one unique monetary policy. By optimising fiscal policy in the EU, it is meant having the one-on-one relationship.
5. Postfunctionalism theory is fairly broad and complex. In this paper, only segments (i.e., politicisation) have been exploited to give meaning to downward shifts. The theory of public opinion has not been tracked.
6. The definition merges the three different types of spillovers: technocratic, cultivated or political (Nicoli, [2019](#)).
7. The preformed desk research relied on the following keywords: ‘EU fiscal union’, ‘capital markets union’, ‘fiscal federalism’, ‘SGP’, ‘Eurozone budget’, ‘Eurobonds’, ‘EU tax’, ‘EU integration’, ‘EU disintegration’, ‘Brexit’ ‘financial crisis’ and ‘COVID-19 fiscal impact’. Where relevant, the combination of these keywords have also been employed (e.g. ‘fiscal and banking union’). The retrieved documents encompass arguments for and against the searched keywords, which limits the bias towards a specific shift.
8. The majority of the sought keywords were truncated with ‘*’ to include various word forms and not only the exact matches (e.g. *leav** includes *leave*, *leaving*, *leaver*, *leavers* etc.). Additionally, keywords without significant results (e.g. ‘less EU*’ or ‘spillaround*’) are not discussed in the text, but are included in Appendix 1. Occasionally, the utilised keywords coincide with the ones used in the desk research.
9. The non-exhaustive list includes: ‘a’, ‘an’, ‘and’, ‘as’, ‘at’, ‘but’, ‘for’, ‘here’, ‘in’, ‘it’, ‘no’, ‘nor’, ‘not’, ‘of’, ‘on’, ‘or’, ‘than’, ‘that’, ‘the’, ‘then’, ‘there’, ‘this’, ‘to’, ‘what’, ‘whether’, ‘which’, ‘who’, ‘with’, ‘within’.
10. E.g. strengthening EU defence policy (Börzel & Risse, [2018](#)) or enacting NGEU.
11. The SRF is built on an intergovernmental agreement, therefore a spillaround.
12. The forthcoming ESM reform (upward shift) is still pending ratification by the national parliaments (European Stability Mechanism, [2021](#)).
13. The borrowing activities will discontinue by 2026 and the debt repayment will kick-off with the subsequent MFF and could last until 2058 the latest.

Disclosure statement

The views set out in this article are purely those of the author and may not under any circumstances be regarded as stating an official position of the European Parliament.

ORCIDMarin Mileusnic  <http://orcid.org/0000-0002-2158-9518>**References**

- Alcidi, C., & Gros, D. (2020). Next generation EU: A large common response to the COVID-19 crisis. *Inter Economics*, 55(4), 202–203. <https://doi.org/10.1007/s10272-020-0900-6>
- Allard, C., Bluedorn, J., & Bornhorst, F. (2014). Lessons from the crisis: Minimal elements for a fiscal union in the Euro area. In C. Cottarelli & M. Guerguil (Eds.), *Designing a European Fiscal Union* (pp. 224–248). Routledge. <https://doi.org/10.4324/9781315768793>
- Balassa, B. (1994). The theory of economic integration: An introduction. In B. F. Nelson & A. C.-G. Stubb (Eds.), *The European Union* (pp. 125–137). Palgrave. https://doi.org/10.1007/978-1-349-23984-9_15
- Beetsma, R. M. W. J., & Kopits, G. (2020). Designing a Permanent EU-wide Stabilization Facility. Amsterdam Centre for European Studies Research Paper No. 2020/11, 1–36. <http://dx.doi.org/10.2139/ssrn.3749267>
- Berger, H., Dell'Ariccia, G., & Obstfeld, M. (2019). Revisiting the economic case for fiscal union in the Euro Area. *IMF Economic Review*, 67(3), 657–683. <https://doi.org/10.1057/s41308-019-00089-x>
- Bickerton, C. J., Hodson, D., & Puetter, U. (2015). The New Intergovernmentalism: European integration in the post-Maastricht Era. *JCMS: Journal of Common Market Studies*, 53(4), 703–722. <https://doi.org/10.1111/jcms.12212>
- Börzel, T. A., & Risse, T. (2018). A litmus test for European Integration Theories: Explaining crises and comparing regionalisms. *KFG Working Paper*, (85), 1–23. www.transformeurope.eu
- Božina Beroš, M., & Grdović Gnip, A. (2021). Differentiated integration in the EU: What does Croatia want? *Politics*, 1–18. <https://doi.org/10.1177/02633957211031162>
- Broadway, R., & Shah, A. (2007). Intergovernmental Fiscal Transfers: Principles and Practice. In A. Shah & R. Boadway (Eds.), *Public sector governance and accountability series*. The World Bank. <https://doi.org/10.1596/978-0-8213-6492-5>
- Butzen, P., Cheliout, S., & Geeroms, H. (2014). Lessons from the US for the institutional design of EMU. *Economic Review*, 9(2), 82–101. https://www.nbb.be/doc/oc/repec/ecrart/ecorevii2014_h5.pdf
- Costa Cabral, N. D. (2021). Borrowing in the European Union: From a pure national model to the antechamber of a European fiscal federal solution. *Journal of European Integration*, 43(8), 939–954. <https://doi.org/10.1080/07036337.2021.1881499>
- Czech, S., & Krakowiak-Drzewiecka, M. (2019). The rationale of Brexit and the theories of European integration. *Oeconomia Copernicana*, 10(4), 589–602. <https://doi.org/10.24136/oc.2019.028>
- De Freitas, A. A. (2017). Neoliberalism, Profitability, and the Crisis in the Eurozone. *Review of Radical Political Economics*, 49(3), 410–429. <https://doi.org/10.1177/0486613417703955>
- Dolls, M. (2016). Chances and risks of a European unemployment benefit scheme. *ZEW Policy Brief*, (7), 1–9. <https://www.econstor.eu/bitstream/10419/147017/1/870750089.pdf>
- Dolls, M., Fuest, C., Heinemann, F., & Peichl, A. (2016). Reconciling insurance with market discipline: A blueprint for a European Fiscal Union: Table 1. *CESifo Economic Studies*, 62(2), 210–231. <https://doi.org/10.1093/cesifo/ifw004>
- EUR-Lex. (2016). Consolidated versions of the Treaty on European Union and the Treaty on the Functioning of the European Union. *Official Journal of the European Union*, OJ C 202, 1–388. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:12016ME/TXT>
- EUR-Lex. (2020a). COUNCIL REGULATION (EU) 2020/2094 of 14 December 2020 establishing a European Union Recovery Instrument to support the recovery in the aftermath of the COVID-19 crisis. *Official Journal of the European Union*, L 433 I/23, 1–5. <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020R2094&from=EN>

- EUR-Lex. (2020b). Council Regulation (EU) 2020/672 of 19 May 2020 on the establishment of a European instrument for temporary support to mitigate unemployment risks in an emergency (SURE) following the COVID-19 outbreak. *Official Journal of the European Union*, ST/7917/20(OJ L 159), 1–7. <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020R0672&from=EN>
- European Commission. (2020). Identifying Europe's recovery needs. Retrieved September 12, 2020, from https://ec.europa.eu/info/sites/info/files/economy-finance/assessment_of_economic_and_investment_needs.pdf
- European Commission. (2021). Recovery and resilience facility.
- European Commission. (2022). Recovery Plan for Europe. Retrieved May 8, 2022, from https://ec.europa.eu/info/strategy/recovery-plan-europe_en#financing-the-eu-long-term-budget-and-nextgenerationeu
- European Council. (2018). Proposal on the architecture of a Eurozone Budget within the framework of the European Union. Retrieved February 15, 2020, from <https://www.consilium.europa.eu/media/37011/proposal-on-the-architecture-of-a-eurozone-budget.pdf>
- European Council. (2020). Special meeting of the European Council (17, 18, 19, 20 and 21 July 2020) – Conclusions, (EUCO 10/20), 1–68. <https://www.consilium.europa.eu/media/45109/210720-euco-final-conclusions-en.pdf>
- European Fiscal Board. (2019). *Assessment of EU fiscal rules*. https://ec.europa.eu/info/sites/info/files/2019-09-10-assessment-of-eu-fiscal-rules_en.pdf
- European Stability Mechanism. (2021). ESM Treaty Reform - Explainer. Retrieved 7 February 2021, from <https://www.esm.europa.eu/about-esm/esm-treaty-reform-explainer#ui-id-11>
- Fedajev, A., Radulescu, M., Babucea, A. G., Mihajlovic, V., Yousaf, Z., & Milićević, R. (2021). Has COVID-19 pandemic crisis changed the EU convergence patterns? *Economic Research-Ekonomska Istraživanja*, 1–30. <https://doi.org/10.1080/1331677X.2021.1934507>
- Frankel, J. A., & Rose, A. K. (1988). The endogeneity of the optimum currency area criteria. *The Economic Journal*, 108(449), 1009–1025. <https://www.jstor.org/stable/pdf/2565665.pdf?refreqid=excelsior%3Aa11108bda30667f67558e180777d6a95> <https://doi.org/10.1111/1468-0297.00327>
- Geeroms, H. (2017). Why the Eurozone Needs a Minister of Finance and Economic Reform. *European View*, 16(2), 219–230. <https://doi.org/10.1007/s12290-017-0456-4>
- Herzog, B. (2018). Reforming the Eurozone: Assessment of the reform package by the European Commission – Treating symptoms or root causes? *Economics & Sociology*, 11(3), 59–77. <https://doi.org/10.14254/2071-789X.2018/11-3/4>
- Hooghe, L., & Marks, G. (2019). Grand theories of European integration in the twenty-first century. *Journal of European Public Policy*, 26(8), 1113–1133. <https://doi.org/10.1080/13501763.2019.1569711>
- Kuhn, T. (2019). Grand theories of European integration revisited: Does identity politics shape the course of European integration? *Journal of European Public Policy*, 26(8), 1213–1230. <https://doi.org/10.1080/13501763.2019.1622588>
- Lehment, H. (2018). Fiscal implications of the ECB's Public Sector Purchase Programme. Kiel Working Paper, (2107), 1–19. <https://www.econstor.eu/bitstream/10419/180915/1/1027951376.pdf>
- Luo, C.-M. (2017). Brexit and its implications for European Integration. *European Review*, 25(4), 519–531. <https://doi.org/10.1017/S1062798717000308>
- MacDougall, D. (1977). MacDougall-Report, Vol I: 'The role of Public Finance in European Integration'.
- Marjolin, R. (1975). Report of the Study Group 'Economic and Monetary Union 1980'.
- Mikolajun, I., & Viaene, J.-M. (2019). Is hard brexit detrimental to EU integration? Theory and evidence. *Open Economies Review*, 30(4), 621–654. <https://doi.org/10.1007/s11079-019-09540-y>
- Mileusnic, M. (2021). Steps towards a European Fiscal Union: Has the revised Stability and Growth Pact delivered so far? *Journal of Contemporary European Research*, 17(3), 409–430. <https://doi.org/10.30950/jcer.v17i3.1123>

- Mongelli, F. P., Dorrucchi, E., Ioannou, D., & Terzi, A. (2015). Responses to the Euro Area Crisis: Measuring the path of European Institutional Integration. *Journal of European Integration*, 37(7), 769–786. <https://doi.org/10.1080/07036337.2015.1079373>
- Moravcsik, A., & Vachudova, M. A. (2003). National Interests, State Power, and EU Enlargement. *East European Politics and Societies: And Cultures*, 17(1), 42–57. <https://doi.org/10.1177/0888325402239682>
- Musgrave, R. A., & Musgrave, P. (1989). *Public finance in theory and practice* (5th ed.). McGraw-Hill Book Company.
- Naert, F. (2016). The new European Union economic governance: What about accountability? *International Review of Administrative Sciences*, 82(4), 638–655. <https://doi.org/10.1177/0020852315607954>
- Nicoli, F. (2016). From governance to government? Steps towards a genuine monetary union. *Politica Economica*, 32(3), 413–439. <https://doi.org/10.1429/85005>
- Nicoli, F. (2019). Neofunctionalism revisited: Integration theory and varieties of outcomes in the Eurocrisis. *Journal of European Integration*, 42(7), 897–916. <https://doi.org/10.1080/07036337.2019.1670658>
- Orzeziak, L. (2018). Fiscal federalism and a separate budget for the euro area. *International Journal of Management and Economics*, 54(2), 85–98. <https://doi.org/10.2478/ijme-2018-0012>
- Schimmelfennig, F. (2018). European integration (theory) in times of crisis. A comparison of the euro and Schengen crises. *Journal of European Public Policy*, 25(7), 969–989. <https://doi.org/10.1080/13501763.2017.1421252>
- Schmitter, P. C. (2004). Neo-Neofunctionalism. In A. Wiener & T. Diez (Eds.), *European integration theory*. Oxford University Press. <http://hdl.handle.net/1814/2404>
- Schmitter, P. C., & Lefkofridi, Z. (2016). Neo-functionalism as a theory of disintegration. *Chinese Political Science Review*, 1(1), 1–29. <https://doi.org/10.1007/s41111-016-0012-4>
- Schoeller, M. G. (2020). Preventing the Eurozone budget: Issue replacement and small state influence in EMU. *Journal of European Public Policy*, 28(11), 1727–1747. <https://doi.org/10.1080/13501763.2020.1795226>
- Simeonov, K. D. (2018). The future of the Economic and Monetary Union to 2025 and beyond: The need for convergence. *European View*, 17(2), 116–125. <https://doi.org/10.1177/1781685818805678>
- Tibulcă, I. L. (2021). The impact of the COVID-19 pandemic on tax revenues in the EU. *Economic Research-Ekonomska Istraživanja*, 1–18. <https://doi.org/10.1080/1331677X.2021.1954967>
- van Riet, A. (2017). Monetary policy stretched to the limit: How could governments support the European Central Bank? ADEMU Working Paper Series, No 75, 1–29. <http://dx.doi.org/10.2139/ssrn.2877329>

Appendix 1

Keywords' frequencies.

	Keyword	Relative frequencies			Absolute frequencies			
		2007–15	2016–19	2020–22	2007–15	2016–19	2020–22	
UPWARD	fiscal union*	0.0001718	0.0005203	0.0000695	199	304	39	
	fiscal capacity*	0.0002235	0.0003953	0.0001372	259	231	77	
	spillover*	0.0001191	0.0002037	0.0001087	138	119	61	
	budget*	0.0021387	0.0030652	0.0021511	2478	1791	1207	
	borrowing*	0.0002348	0.0001232	0.0004580	272	72	257	
	instrument*	0.0003004	0.0009841	0.0010372	348	575	582	
	resource*	0.0005023	0.0006024	0.0021529	582	352	1208	
NIL	stabili*	0.0010978	0.0019476	0.0011353	1272	1138	637	
	ESM*	0.0001131	0.0004381	0.0002477	131	256	139	
	banking union*	0.0001407	0.0004227	0.0000303	163	247	17	
	capital markets union*	0.0000069	0.0000377	0.0000071	8	22	4	
	European semester*	0.0001959	0.0002601	0.0001568	227	152	88	
	SGP*	0.0001484	0.0005528	0.0003315	172	323	186	
	stagnat*	0.0000078	0.0000240	0.0000053	9	14	3	
	status quo*	0.0000104	0.0000976	0.0000499	12	57	28	
	encaps*	0.0000026	0.0000051	0.0000018	3	3	1	
	DOWNWARD	sovereig*	0.0002391	0.0008609	0.0006719	277	503	377
identit*		0.0001778	0.0003406	0.0000713	206	199	40	
Brexit*		0.0000017	0.0004398	0.0000428	2	257	24	
politici*		0.0001519	0.0001335	0.0001729	176	78	97	
eurocept*		0.0000138	0.0000804	0.0000267	16	47	15	
nationalis*		0.0000173	0.0000736	0.0000143	20	43	8	
fiscal autonomy*		0.0000181	0.0000068	0.0000018	21	4	1	
spill back*		0.0000017	0.0000137	0.0000000	2	8	0	
UNSORTED/OTHER		financial crisis*	0.0001079	0.0001848	0.0002584	125	108	145
		crisis*	0.0011203	0.0020503	0.0022759	1298	1198	1277
		public borrowing*	0.0000000	0.0000017	0.0000036	0	1	2
	debt*	0.0013637	0.0023823	0.0035929	1580	1392	2016	
	public debt*	0.0002650	0.0003372	0.0004402	307	197	247	
	sustainable debt*	0.0000000	0.0000017	0.0000107	0	1	6	
	debt sustainability*	0.0000095	0.0000291	0.0001640	11	17	92	
	fiscal policy and growth*	0.0000009	0.0000000	0.0000053	1	0	3	
	fiscal policy*	0.0003470	0.0005768	0.005828	402	337	327	
	fiscal integration*	0.0000699	0.0001369	0.0001657	81	80	93	
	fiscal disintegration*	0.0000000	0.0000000	0.0000000	0	0	0	
	integration	0.0007914	0.0017765	0.0007004	917	1038	393	
	disintegration	0.0000311	0.0000839	0.0000250	36	49	14	
	more EU*	0.0000017	0.0000017	0.0000017	2	1	4	
	less EU*	0.0000017	0.0000051	0.0000000	2	3	0	
	fiscal policy stabilisation*	0.0000000	0.0000000	0.0000000	0	0	0	
	financial cycle*	0.0000285	0.0000068	0.0000000	33	4	0	
business cycle*	0.0000587	0.0000839	0.0000499	68	49	28		
policy coordination*	0.0000949	0.0001403	0.0001123	110	82	63		
fiscal coordination*	0.0000129	0.0000120	0.0000053	15	7	3		
fiscal framework*	0.0000233	0.0001044	0.0000980	27	61	55		
fiscal rule*	0.0000302	0.0000325	0.0001034	35	19	58		
spillback*	0.0000000	0.0000034	0.0000000	0	2	0		
spillaround*	0.0000000	0.0000000	0.0000000	0	0	0		
spill around*	0.0000017	0.0000428	0.0000000	2	25	0		
spill over*	0.0000345	0.0000051	0.0000013	40	3	7		
leav*	0.0001700	0.0001609	0.0000820	197	94	46		
allocati*	0.0003133	0.0001472	0.0005970	363	86	335		
redistributi*	0.0003295	0.0003218	0.0002156	405	188	121		

Source: Author.

Appendix 2

Distribution of RRF money per MS (in EUR billion, current prices).

MS	RRP submitted	Grants	Loans
AT	30/04/2021	3.8	
BE	01/05/2021	4.5	
BG	15/10/2021	5.7	
CY	17/05/2021	0.9	0.2
CZ	01/06/2021	7.7	
DE	28/04/2021	28.0	
DK	30/04/2021	1.4	
EE	18/06/2021	0.9	
EL	28/04/2021	17.4	12.7
ES	30/04/2021	77.2	
FI	27/05/2021	1.8	
FR	28/04/2021	37.5	
HR	14/05/2021	5.5	
HU	12/05/2021	5.8	
IE	28/05/2021	0.9	
IT	01/05/2021	69.0	122.6
LT	14/05/2021	2.1	
LU	30/04/2021	0.1	
LV	30/04/2021	1.8	
MT	13/07/2021	0.3	
NL	08/07/2022	4.7	
PL	03/05/2021	22.5	12.1
PT	22/04/2021	15.5	2.7
RO	31/05/2021	12.1	15
SE	28/05/2021	3.2	
SI	01/05/2021	1.5	0.7
SK	29/04/2021	6.0	
	Total	337.8	166

Notes: MS can present their loan requests at a later stage. **Source:** European Commission (2021)