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The New Politics of the European Union Budget: Background, Key Findings, and Outlook

Stefan Becker, Michael W. Bauer and Alfredo De Feo

After over a decade of relative stability, the years between 2007 and 2016 showed new momentum in EU budget politics. Regarding the institutional and political environments, the Treaty of Lisbon introduced the broadest reform of budgetary procedures since the 1970s, while the general political climate, affected by financial and economic crisis, has turned toward exceeding skepticism of European integration. As a result, the preferences and strategies of budgetary actors have changed, and the potential for conflict has grown—evidenced by the three temporary breakdowns of annual budget negotiations since the Treaty of Lisbon took effect. Meanwhile, budgetary outcomes have taken unprecedented shapes. The latest Multiannual Financial Framework (MFF) has been the first plan to reduce EU spending in real terms, and annual budgeting practices have caused serious problems in fulfilling financial commitments. Finally, decision-makers have entered uncharted waters with new flexibility arrangements and funding instruments, such as the so-called Juncker Plan. Hence, the EU budget has become more challenged, more flexible, and more fragmented.

Some of these developments, such as an eroding consensus and increasing fragmentation, resemble Wildavsky's observations of the United States, laid down in The New Politics of the Budgetary Process (1988). For him, the "new" politics are more complex and less stable than the "old" politics (Wildavsky 1964). The vast differences between arrangements in the US and the EU notwithstanding, dynamics between 2007 and 2016 suggest that an EU version of "new" budget politics is emerging. This raises empirical and theoretical questions, which join the plethora of older, yet still unresolved issues regarding the revenue system, spending priorities, and accountability deficits, to name a few. This volume brings together contributions from scholars and practitioners that address present-day EU budget politics, taking stock of budget making and implementation in the context of the Lisbon Treaty and the financial and economic crisis. This introduction outlines the context of the volume, summarizes the key findings, and offers an outlook on future challenges in the theory and practice of EU budget politics.

Background: The EU budget and its study

By allocating and redistributing resources, public budgets deliver tangible answers to the classic question of politics according to Harold Lasswell (1936): Who gets what, when, and how? It follows that, as Wildavsky (1992, p. xi) argues, "Those who wish to understand politics must acquaint themselves with budgeting if they want to know what is going on." Indeed, US budget politics have been an important focus of public policy research since its inception (e.g., Wildavsky 1964; Fenno 1966; Wildavsky 1988; Rubin 1991). By contrast, studies of the EU budget, once it was established, have taken longer to materialize (but see the work of Strasser, e.g. 1975). This asymmetry can be primarily attributed to three factors. First, the EU budget has always been small compared to national budgets. It currently stands at roughly one percent of its members' combined gross domestic product (GDP). By contrast, the members' national budgets on average amount to almost fifty percent of GDP. The overall effect of EU spending has therefore been called into question. Second, while allocation and redistribution at the EU level have remained moderate, integration in regulatory matters has advanced greatly (Majone 1994). Perceived as the areas where the EU makes the most difference, these regulatory policies have attracted the attention of the scientific community. Third, budget politics elsewhere have often appeared to be more contentious, and therefore more interesting. In the US, for instance, where budget studies are more frequent, government shutdowns are more than a mere possibility. In the EU, the rules—such as the stipulation that all budgets shall be in balance (Art. 310 Treaty on the Functioning of the European Union – TFEU), and the provisional twelfths system (Art. 315 TFEU) that governs EU spending if no budget is agreed upon—have prevented similar meltdowns.

While these circumstances still hold, a more nuanced understanding of the EU budget has emerged in the 2000s and 2010s. It has become apparent that allocation and redistribution at the EU level can have significant economic and political effects. On the one hand, the effective size of the EU budget is more than one percent of the GDP due to co-financing obligations for the member states. The mobilized funds are roughly double of the nominal budget (Núñez Ferrer/Katarivas 2014). Over time, specific clientele and poorer member states in particular have greatly benefitted from EU funds. On the other hand, budgetary decision-making has been of more political importance than often presumed. Conflicts related to EU finances have been frequent, and often they are connected to larger debates about the general trajectory of integration. In this regard, several important contributions have brought EU budget politics into the spotlight (e.g., Laffan 1997; Begg/Grimwade 1998; Lindner 2006). These studies have also identified key dynamics and issues that provide the empirical and theoretical background for this volume.

The first proposition is that, at EU level, budgetary conflicts are as much political as they are institutional. Spending priorities are discussed along national or party ideological lines, but the European Council, the European Commission, and the European Parliament (EP) also have clear institutional interests. The supranational bodies, specifically, have long fought for larger budgets, as they would also increase their spheres of influence (Lindner 2006, p. 31, 43). With more resources to allocate, the EP would have a voice in more issue areas, while the Commission's role in managing the budget would also grow in importance. Meanwhile, the Council tries to keep both institutions at bay by limiting increases in spending. Repeatedly, institutional interests overshadowed political concerns, such as during the budgetary battles of the 1980s (see De Feo 2017a). However, major conflict had all but subsided and budget politics had become a rather routine process—up until 2007, when the Lisbon reforms, along with the economic crisis, provided catalysts for new conflict.

Furthermore, EU budget politics extends beyond just allocation and redistribution. While this is true for any political system, the potential for logrolling and package deals is enormous in the EU due to the number and diversity of actors. The member states have, for instance, used the budget to facilitate cooperation in other areas, such as enlargement or economic integration. One result was the establishment of structural funds (Allen 2010). The Parliament, for its part, has used the budget as a vehicle for influencing legislative processes (Laffan 2010, p. 216). It has been able to strengthen existing programs or even introduce new ones even if the Council had not yet passed the respective legislation (Pollack 2008, p. 26). As the budget manager, the Commission has also pursued its own preferences, such as in facilitating subnational mobilization through cohesion policy (Hooghe/Keating 1994), or subtly influencing higher education policy (Batory/Lindstrom 2011).

All of these activities had long taken place in an unstable environment. Even though the budgetary procedures had in principle not been changed since the budget treaties of 1970s, incremental reform was frequent. Prominent examples are the introduction of multiannual financial planning in the 1980s, following a proposal by Commission President Delors, and the EP’s strategy of opportunistic rule interpretation, such as regarding the spending categorizations of compulsory and non-compulsory (in the non-compulsory category the Parliament had more influence) (Lindner 2006). Apart from this institutional instability, EU budget politics were further affected by the political dynamics resulting from external crises, enlargement rounds, and the overall trajectory of integration. Given budget politics' institutional dimension and its utilization for different purposes, these dynamics often had immediate effects. The accession of the United Kingdom (UK) in 1970s had, for instance, been a strong stimulus for budgetary reform and more spending; the European Regional Development Fund (ERDF) was established to compensate the UK, which hardly benefited from subsidies in the agricultural sector (Bauer 2001). Again, conflicts had almost subsided up until the early 2000s, although the Eastern enlargement only brought in net recipients. But even through this period of relative stability, some issues have remained on the EU budget agenda.

The first issue is the prevailing dominance of juste retour logic among member states in the Council. Despite their more or less pronounced vows to an ever-closer union, when negotiating budgets, governments are focused on minimizing contributions and maximizing receipts. As a result, conflict is inevitable, and revenue decisions as well as allocation outcomes are criticized as suboptimal and unstable. The overall financial autonomy of the EU is thus limited. The increasing share of national contributions in the own resources system further aggravates problems resulting from juste retour logic. Calls for reform are widespread; the system is considered overly complex, nontransparent (due to many rebates), and regressive in nature, as it disadvantages poorer member states (Cipriani 2014).

Another long-standing issue pertains to the accountability structure in EU spending. National authorities spend most of EU funds, with the Commission supervising the system and acting as the politically responsible party. For decades, these formal expectations were not met by actual capacities, and the Commission failed to fulfill its managerial role effectively (Laffan 1997). Several reforms have been undertaken in the first decades of the twenty-first century, most of them triggered by the Santer Commission resigning amid allegations of fraud and mismanagement, but financial management reform in particular has proven particularly hard and inconclusive (Levy et al. 2011; Bauer 2008; Kassim 2008). Furthermore, the EP, which grants discharge to the Commission in regard to the implementation of the budget, has long been unable (and partly unwilling) to focus on this problem.

Budget reform, in general, has been on the agenda for a long time, but hardly any initiatives have gained significant momentum. The revenue system especially has come under criticism; however, the status quo orientation in the Council has prevented meaningful reform. Given the complexity of the own resources system, with its many rebate mechanisms, governments have been hesitant to engage with this issue. Transparency and legitimacy concerns have also been repeatedly voiced. This, inter alia, relates to the effective inclusion of the Parliament in revenue questions. Budgetary rights are widely considered to be cornerstones of democratic systems; regarding the role of only directly elected institutions at EU level however, Begg (2009, p.43) refers to “representation without taxation.”

Before the Lisbon Treaty and the financial and economic crisis, EU budget politics seemed to have reached a rather stable equilibrium. The time of big budgetary battles was over, and most conflicts were, if not solved, latent. Budget politics had almost become routine. The focus of decision-makers was on improving management and control; revenue and spending reform, while not thoroughly forgotten, were put on the backburner. Since 2007 however, this phase of stability has come to an end.

Key findings: New dynamics and issues

The new politics of the EU budget that emerged are characterized by several dynamics addressed in the contributions to this volume. Although the authors take different perspectives, their analyses amount to three general findings on current EU budget politics: the environment is more volatile, the actors have changing preferences and strategies, and novel outcomes are resulting.

A more volatile environment

The period of institutional and political stability after the budgetary battles of the 1980s was unsettled by two, almost parallel developments—the implementation of the Lisbon Treaty, which took effect in budgetary matters in 2011, and the onset of the financial and economic crisis in 2010. Regarding the institutional environment, the Lisbon Treaty reforms have significantly altered the balance of the budget authority (i.e., the Council and the Parliament) in terms of spending decisions. In his historical review of EU budget politics, Alfredo De Feo shows that while the Lisbon Treaty seemed to merely codify previously informal procedures, the effects were groundbreaking.

Initially, scholars were divided about how these formal changes would affect the budget authority in practice. Hix and Høyland (2011, p. 243) have, for instance, stressed that the EP is now “equally influential under all budgetary headings.” By contrast, Benedetto (2013, p. 366) has argued that, “in budget policy [the EP’s] powers have generally weakened.” Indeed, as Corbett et al. (2011, p. 272-276) have pointed out, “Lisbon has unfrozen a situation that had appeared immutable and opened up a new era in budgetary history of the European Parliament and its relations with other institutions, in particular the Council.” Budgetary actors therefore had to grow into their new roles. In this regard, Anne Vitrey's contribution outlines the interinstitutional frictions in the first MFF negotiations under the new rules. As for the formal balance of power after the Lisbon reforms, the contributions by De Feo, Vitrey, as well as Michael W. Bauer and Stefan Becker agree that the EP has indeed suffered a formal loss of influence in spending decisions.

At the same time, the effects of the financial and economic crisis on the political environment altered the logic of budget politics in two important ways. First, as the economic fundamentals changed, so did the debate on the EU's finances. While one side considered the budget a suitable vehicle for anticyclical economic policy to stimulate growth, the other side argued for austerity. According to the latter position, most member states had taken great pains in efforts to consolidate their finances; increasing the EU budget would therefore be inappropriate. At the EU level, the Parliament was the most ardent supporter of the stimulus approach, but its arguments for more spending failed to resonate, as the contribution by Bauer and Becker demonstrates. As Linn Selle shows in her chapter on the MFF negotiations, the budgetary discourse has generally been lopsided in recent years. This applies not only at the EU level; even the left-leaning opposition in the German Bundestag found it hard to argue against the austerity-dominated mindset.

Second, the financial and economic crisis has aggravated the decline of trust in the EU institutions and fueled a Eurosceptic sentiment. European integration was already politicized, but the crisis took the “constraining dissensus” (Hooghe/Marks 2008) to unprecedented levels. The rapid establishment of new lending facilities to offer financial support to ailing countries, the conditionality attached to this support, and the timid attempts to address employment and social issues have caused unease in creditor and debtor states alike. This has not only fueled the debate about what the EU budget should be for, but it has also called into question the democratic credentials of the EU in general. While the need for common action has grown, the room for political maneuver has declined. This trend was intensified by the refugee crisis that unfolded in 2015. Budgetary actors have taken the dynamics in the institutional and political environment into account, but with different effects.

Changing preferences and strategies

In view of budget making, profligacy is not something any actor wants to be associated with, especially under the current circumstances. The national governments in the Council eventually seek re-election, for which they have to show what they have accomplished at EU level; the Commission needs political capital to further its influence, so it must avoid allegations of being an unaccountable bureaucracy; and even the EP, paradoxically once fairly detached from electoral pressure with respect to EU budgetary decisions, is now more aware of the current predicament of EU integration—the influx of Eurosceptic representatives in the 2014 election is a forceful reminder. At the same time, regarding budget control, changes in the political environment, entailing a stronger focus on the effectiveness of EU spending, have provided fresh momentum. Changing preferences and strategies mark the new politics of the EU budget.

Among the budgetary actors, the two intergovernmental institutions, the Council and the European Council, can be considered the most constant. Traditionally, the member states have been status quo-oriented in budget matters, in terms of both numbers and procedures, compared with the Commission and the EP (Lindner 2006). The member states' actual position has, however, been dependent on the power balance between net contributors and net recipients, as they bargained with each other for juste retour. This logic still shapes decision-making in the intergovernmental institutions; however, as Manuele Citi shows in his contribution, the juste retour rhetoric has not yet altered the redistributive function of the EU budget. Whenever a member state has requested a rebate or a correction mechanism, the effect on its net budgetary balance has been insignificant or has even produced an effect that is paradoxically contrary to the original intention. In accounting for this puzzle, Citi finds a "dissociation" between the two levels of the budgetary game: Domestic politics with its rhetoric about regaining control over fiscal resources and the complex supranational mechanism that leads to the adoption of the EU budget. The differences between national talk and supranational outcomes, he goes on to argue, can be considered a positive feature, as it grants the EU institutions some financial independence and allows the EU budget to make a difference in the less developed regions of Europe.

Lately, however, the net contributors have all but dominated the budget negotiations, leading to intergovernmental bargaining positions far from the Parliament. In doing so, the member states have also put the brakes on far-reaching reform initiatives. As Peter Becker argues in his contribution, meaningful reform of the MFF is arduous but not impossible. Criticism has accumulated over the years, not least from the member states themselves. During the latest negotiation cycle (for the MFF 2014-2020), however, the member states—or more specifically, the net contributors to the budget, organized in the Friends of Better Spending group—remained unimpressed by calls for reform and effectively limited the window of possible change.

While the member states' stance on the budget's size was adamant, they proved more open in terms of procedures, conceding a more flexible MFF, including a midterm review, and the establishment of a High Level Group on Own Resources (HLGOR) to the EP, which threatened to veto the multiannual planning process. Overall however, the sacrifices made were largely on the Parliament's side, and this also applies to annual budgets. The intergovernmental institutions have principally followed their traditional preference patterns and strategies, even though the institutional and political environments have changed.

By contrast, the EP (the second arm of the budget authority) has emerged as a more dynamic actor, as the contributions by Vitrey as well as Bauer and Becker point out. It has repeatedly called for budget reform and has used its veto power to achieve minor successes, as mentioned above. These developments thus fit the Parliament's traditional preferences and strategies. Other than that, however, its internal politics have resulted in less stable positions. The quest for an ever-larger budget is increasingly contested in the EP, and even if a majority favors the traditional line, the growth of internal disputes weakens the Parliament's bargaining position. While its assertiveness in procedural matters is often interpreted as evidence for influence, the EP has, at least temporarily, retreated from battles on the budget's size.

The changing preferences of the EP relate to the loss of its paradoxical status. While it is the only directly elected institution at the EU level, representatives used to enjoy considerable autonomy as they faced little pressure in the “second-order national elections” that EP elections long represented (first, Reif/Schmitt 1980). The Parliament is acutely aware of the critical sentiments in the broader political environment; it is under stronger pressure from national governments, which increasingly use their party channels to discipline members. As Parliament’s rise to power has been facilitated by normative arguments (Rittberger 2003), parliamentarians are intent on not fueling criticism that the EU and its elites are remote or dysfunctional. By being overly confrontational on budgetary matters and thus risking deadlock, the EP could lose political capital.

Its increasing focus on better (instead of just more) spending is in line with this challenge. Some of its efforts, institutionally underpinned by the establishment of a Directorate for Impact Assessment and European Added Value in 2012, arguably have a double purpose. They are, true to the Parliament's traditional preferences, aimed at providing justification for additional spending, such as in the case of the “cost of non-Europe” reports. But the EP is also adjusting to the scenario that in the years to come, the EU budget will remain at the same level of spending, or even shrink. Flexibility, evaluation, and control are thus likely to remain on the top of the Parliament's budgetary agenda for the years to come.

This also reflects the recommendations made by Uwe Wagschal and Georg Wenzelburger. Their contribution elicits determinants of successful budget consolidation at national level. While the EU budget cannot be in deficit, consolidating the revenue and the spending side can nevertheless be beneficial in that it expands the room for maneuver in budget politics. In this regard, Wagschal and Wenzelburger recommend several reforms: Improving economic forecasts, increasing budget reserves, using a ‘golden hamster’ rule, i.e., unexpected surpluses must be used to set other priorities, establishing independent fiscal institutions that can help to plan the budget and strict auditing systems. Increasing spending efficiency by benchmarking and controlling implementation are also essential.

The Commission takes center stage in the latter phase of the budget process. After all, it is the central manager of the budget. According to Article 317 TFEU, it shall fulfill this role “in cooperation with the Member States,” but “on its own responsibility,” and with “regard to the principles of sound financial management.” As Gabriele Cipriani shows in his contribution, the current accountability framework for the EU budget still exhibits several flaws and gaps, despite long-standing criticism and some efforts at financial management reform. He argues that the Commission, partly to protect itself from political difficulties, de facto reduces its responsibility for budget implementation. But the input-orientation and the focus on compliance in the control of the EU budget go beyond the Commission; they are systemic. A shift towards more results-oriented control is difficult in a “shared management” system with national authorities. Cipriani argues that the Commission should not control everything, but rather certify a system of delegations that also focus on results. As a result, the Commission would be in a position to responsibly respond to the actual use of funds and the results, and the discharge procedure would be more meaningful.

This new focus on implementation would intensify the Commission's shift from policy entrepreneur to manager (Laffan 1997; Becker et al. 2016), which also applies to the budget. Throughout most of the history of European integration, the Commission could be expected to present budget drafts that (usually close to the EP’s position) favored more spending (Pollack 2008). After 2007, however, it has become more restrained. As Becker shows in his contribution, the Commission's MFF proposal, which called for a slight spending increase, was criticized by the net recipient member states and the Parliament for failing to address the economic and social impacts of the crisis (i.e., it was deemed too modest in terms of spending). Rather than following a supranational agenda in an entrepreneurial fashion, the Commission is increasingly perceived as merely moderating the budget negotiations, as Bauer and Becker argue in their contribution. This affects the budget processes to a considerable extent, and it disadvantages the EP, long considered the Commission's natural ally in the pursuit of supranational solutions. The Commission's newfound restraint in ordinary matters of the budget should, however, not obfuscate its endeavors in new areas, such as in the establishment of the European Fund for Strategic Investments (EFSI) in 2015. It could very well be that the Commission, having realized how little room there is for maneuver in the MFF and annual budget negotiations, will increasingly resort to other options to further allocation and redistribution in the EU.

Novel outcomes

The EFSI is a key outcome of the new politics of the EU budget. In fact, the scheme to provide guarantees to mobilize investment among other public and private investors has already been used in the Project Bond Initiative, launched in 2012. In that case, the reallocation from the EU budget was rather modest (230 million euro). The EFSI was realized with an eight billion euro reallocation from the budget—after Commission President Juncker's initial idea to transfer unused funds from the European Stability Mechanism was turned down by the member states. Although the reallocation of five billion euro from existing EU funding programs was controversial in the EP (the other three billion euro came from the margins of the EU budget), it eventually conceded. Although Commission President Juncker boasted the agreement was evidence of his assertiveness, much remains unknown. The effectiveness of the fund remains to be seen. It is already clear that the accountability structure is problematic, in that the Commission again avoids taking political responsibility, as Cipriani argues in his contribution. Since the fund is formally established within the European Investment Bank (EIB), the Commission claims that it has no control over the investment decisions, although it has majority representation on the steering board and, as a member of the board of directors, is consulted before EIB approval of each financing and investment operation. Even this novel instrument thus comes with old problems.

Meanwhile, the old, if reformed, budgetary procedures have produced a novel outcome in the form of abnormal payment backlogs. The asymmetry between payment demands and authorized appropriations peaked at the end of 2014. As Alessandro D'Alfonso and Magdalena Sapała indicate in their contribution, these backlogs are not merely a technical problem, but also a symptom of diverging views in the budget authority on the amount of resources that the union needs to achieve its policy objectives. While the Parliament has repeatedly called for higher payment appropriations, the Council has cut the Commission's proposals. When amending budgets to address shortfalls in payments have been discussed, the Council has often called for proceeding first with redeployments of payment appropriations from other budget lines, even if all potential redeployments have already been explored and exhausted. The implications of the payment crisis, D'Alfonso and Sapała argue, are visible in most of the spending areas, and directly affect the beneficiaries on the ground—thus the achievement of the EU's goals. Moreover, with interest paid on delays, in addition to the abstract cost of lower credibility among stakeholders and citizens, they also represent a measurable material cost for the EU.

It must be reiterated that the establishment of the EFSI and the emergence of abnormal payment backlogs took place in a context of decreasing spending. The expenditure forecasted in the MFF 2014-2020 was, for the first time, lower than in the previous agreement—about 3.5 percent in real terms. At the same time, spending became more flexible. At the behest of the EP, the MFF now allows for adaptability between headings and budget years, and there is a revision clause that stipulates a comprehensive midterm review and potential adjustment. The dynamics that lead to these outcomes can all be partly traced back to the intergovernmental dominance in the new politics of the EU budget. The governments' position on payment appropriations facilitated abnormal backlogs, while their stance on spending in general encouraged the Commission to expand innovative financing instruments and led the EP to emphasize budgetary flexibility in an attempt to do more with less.

The stable equilibrium that governed the EU budget for well over a decade before the Lisbon Treaty and the financial and economic crisis has thus been replaced by the volatility and change of the new politics of the EU budget. As a result, budget politics have become more challenged, more flexible, and more fragmented. This poses challenges for scholars and practitioners alike.

Outlook: The challenges ahead

The issues raised in this volume suggest that the budget should have a prominent place in EU studies. Allocation and redistribution are indeed at the heart of politics, as Wildavsky once argued. Even at the EU level, where regulation is widely considered to be the most important, is no exception. Here, budget issues have often related to major questions of the integration project, and the challenged, flexible, and fragmented nature of the new budget politics reflects the EU’s overall trajectory. Scholars are thus well-advised to pay attention to the developing dynamics in the budgetary field. Beyond the specific issues raised in this volume, there are general trends to be acknowledged. When outlining a new research agenda for budget politics, Rubin (2014) urges scholars to recognize and reexamine key assumptions.

Three of these can be adapted to the EU context, providing empirical research avenues, theoretical suggestions, and methodological advice.

The first relates to the effects of fiscal stress in multilevel systems—an issue of utmost importance as the EU is, in parts, still struggling with the aftermath of the global financial and economic crisis. The respective research questions relate to the mechanisms established between the different levels to prevent and deal with budget problems. Although the EU member states still have budgetary sovereignty, economic integration has created complex interdependences, and recent disruptions have caused further integration in budgetary matters. Despite the “no bailout” clause, several lending facilities with enormous resources have been established. Furthermore, serious proposals for a eurozone budget, which could be used to remedy asymmetric shocks or facilitate domestic reform, have materialized (see, for instance, Núñez Ferrer et al. 2010, p. 144-156). Further budgetary fragmentation, along with differentiated integration, is conceivable. This entails not only analytical questions, but also normative concerns regarding effectiveness and legitimacy. The design and politics of this emerging multilevel budgetary field are thus important objects of inquiry in EU studies.

The same is true for the informal processes of budgets politics, a second area Rubin highlights in her research agenda article. The importance of these processes in EU policy-making has already been well-established (Farrell/Héritier 2003). The contributions to this volume suggest that budget politics is no exception. Further research is needed to fully grasp how formal and informal processes interact in the making and the control of the budget. How does internal and interinstitutional bargaining beyond the formal script affect the course and outcome? This requires profound qualitative research with expert sources that may be difficult to access. However, with a dominance of formal analysis, EU budget research runs the risk of oversimplification, especially now that preferences and strategies have become more fluid.

This relates directly to the third of Rubin's (2014, p. 8) suggestions, that budget politics should have more of a conflict orientation, “How do various interests frame issues? How do battle lines form, with whom on each side, and with what impact on budgeting?” For EU studies, this advice calls for a more sophisticated understanding of institutional and interinstitutional decision-making. While the study of single issue areas has been well developed, political interdependence and the wider context of European integration should be acknowledged—more so as the near future offers a myriad of challenges for the EU in general, and its budgetary decision-makers in particular.

The EU is in turmoil. Apart from the persistence of the financial and economic crisis, EU institutions must grapple with the Brexit fallout, the refugee crisis, instabilities in neighboring countries, its general relations with Russia, its commercial relations with the United States, and the reduction of emissions to limit the climate change—to name but a few of the most pressing issues. At the same time, Eurosceptic or outright nationalist movements and parties are on the rise in many countries, while EU decision-makers have difficulties outlining a new vision for European integration.

The budget may not be at the core of these problems, but it could be a part of the solution. In this regard, three areas deserve special attention by practitioners (see also the final contribution to this volume by Alfredo De Feo). First, meaningful reform of the revenue system could help to develop new strategies and policies, and thereby demonstrate to citizens what Europe is able to accomplish. Second, a more effective use of EU funds (i.e., with a stronger focus on results) could prove beneficial, increasing the added value of financial redistribution. Third, enhancing the monitoring and scrutiny of EU policies could remedy deficits of accountability, which is one of most important criticisms leveled against the EU. In all three areas, reform options abound, but their political feasibility is in question.

The politics of the budget, with both old challenges and new dynamics, thus promises to remain an important part of EU integration. In a more volatile environment, actors will frequently adapt their preferences and strategies, and outcomes will be even more flexible and fragmented. This volume has raised a number of important issues that will keep both scholars and practitioners occupied for the years to come.

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