

Workshop

Paradigm change in economic policy of the European Union

1 February 2023

Hybrid: Sala Triaria and Zoom - Villa Schifanoia, Via Boccaccio 121 - Florence

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Introduction

The debate on whether we are undergoing a paradigm change in economic policy is ubiquitous. While the end of neoliberalism was expected soon after the 2008 Great Financial Crisis, the management of the Great Recession showed its resilience in key economic assumptions that remained unquestioned. Nevertheless, policy innovation and incremental transformation of the Eurozone's architecture kept the interest alive of political economists that argued whether the creation of new institutions and the application of new policies eroded the dominant framework of economic policy making or simply modified it to ensure its survival. The COVID-19 pandemic was the perfect crisis to open again the debate on what kind of economy would serve the purpose of equitable growth and climate sustainability; a sense of urgency within European institutions and European capitals created an unprecedented momentum for reform that crystallized in the NGEU agreement following the pandemic crisis. Despite this historic step in the long history of European integration we are still far from reaching a consensus on whether the old is dead, and something new is born. Fiscal rules and EU treaties remain the same, yet the ECB has significantly changed its discourse and practice in the management of monetary policy. The adoption of unconventional policies, the declarations for an environmentally sustainable monetary policy, and the massive increase of the Central Bank's portfolio make the case for a new epoch in central banking. In parallel, the European Commission, once a cheerleader of austerity and competitiveness-enhancing structural reforms, now has shifted its opinions and recommendations towards member states asking for more active and discretionary fiscal policy to buffer the negative externalities of the pandemic and the energy crisis. With the NGEU funds member states are now investing in welfare state provisions, such as education and childcare to enhance economic resilience. Are the changes we observe enough to make the case for a paradigm shift in European macroeconomic policy? To answer this question maybe we first need to settle on what constitutes paradigm change in the Eurozone framework. In other words, how and when can we be sure that we are beyond the Gramscian interregnum in macroeconomics; where is the locus of policy paradigm change and what are the actors involved in this process? These questions are crucial to map the variety of opinions held by technocrats and politicians regarding the overarching framework that guides economic policy making. They are also helpful in categorizing sweeping reforms and policy shifts that occurred the last decade in order to have a more symmetric academic debate on the Eurozone's macroeconomic governance.

Draft Programme

11.00 - 12.30 **Session I: The ontological and epistemological underpinnings of policy paradigms**

Speakers:

Anton Hemerijck | European University Institute

Manuela Moschella | Scuola Normale Superiore (SNS)

12.30 - 13.30 *Lunch*

13.30 - 15.45 **Session II: Current research on policy paradigms in the Eurozone**

Technocratic Keynesianism: a paradigm shift without legislative change

Jens van 't Klooster | University of Amsterdam

Discussant: **Alice Pearson** | European University Institute

The missing link between social learning and authority contestation: tracing change in policy preferences of European elites

Odysseas Konstantinakos | European University Institute

Discussant: **Jonathan Zeitlin** | European University Institute and University of Amsterdam

Explaining the shift in the ECB's climate change agenda: an actor-centred perspective

Laureen Leek | European University Institute

Fabian Mushovel | European University Institute

Discussant: **Tobias Pfarr** | European University Institute

15.45 - 16.15 *Coffee break*

16.15 - 17.45 **Session III: Is European economic policy making guided by a new policy paradigm: policy change and continuity in the European Commission and the ECB**

Speakers:

Erik Jones | European University Institute

George Papaconstantinou | European University Institute

Waltraud Schelkle | European University Institute

Agnieszka Smolenska | Instytut Nauk Prawnych Polskiej Akademii Nauk