

51 – EU and MS' Public Aid for the Economic Recovery: Solidarity and (Green) Conditionality

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Europe has been strongly hit by the Covid19 virus. Although the economic crisis is a problem for the whole of the EU, some countries, such as Italy and Spain, had been more strongly hit than others, both at the level of public health and the related economic impact. All the countries have needed (and are going to need) an increase in public expending to better face the public health crisis and, above all, the economic recovery.

Within the European Union, this increase in public expending may come from the EU and the national budgets of the MS. In this regard, the two key issues that are being discussed and not yet fully designed are: first, solidarity between the MS (from the EU to its Members) and second, conditionality of the public aid. Both will be the main focus of this contribution.

Solidarity is more essential than ever. It has to play a much more important role than in the last financial crisis. First, because hopefully we have learned many lessons and better prepared. Second, there is no MS to blame and thus no moral risk. We all were surprised by the virus and initially underestimated its importance, and all MS have taken similar measures to face it. Third, the asymmetry is not only because the virus has impacted harshly in some MS than others but because not all MS have the same financial capacity; obviously some (eg Germany) can provide more funding to their companies. Fourth, we are in a Single Market and this means that all these companies are competing in the same market. The flexibilisation of European control of State aids during the pandemic has created a serious risk of breaking the level playing field, distorting competition and generating unbearable economic and political tensions. This risk can only be alleviated by a more intensive aid from the Union.

Conditionality of EU and MS aid is currently being discussed and a very controversial issue: not so much conditionality on fiscal discipline -as in the previous crisis- but on certain criteria that could push forward common goals such as Europe digitalisation or, very specially, the greening of the economy. To a certain extent, the goal might be making the crisis become an opportunity.

This contribution will look into the increase of public funding (both EU and national) in Europe and will try to understand and assess its level of solidarity and of conditionality, and how it can contribute to reinforce the future of the European Integration project and some of its priorities such as the green economy.

Biographical note

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He has been Fulbright Visiting Scholar at Harvard Law School (2017-2018) and Jean Monnet Professor. He has published extensively in the area of European integration. His main field of specialization is the Single European Market, EU Competition Law and market regulation. He is currently leading a Jean Monnet Network on EU-China Relations in the field of trade, climate change, competition and market regulation.

He holds a Law Degree from Salamanca University, and a LLM with honors in EU Law from the College of Europe (Bruges). He was a PhD researcher at the European University Institute (Florence, Italy) for 2 years and is Doctor in law with honors (European Doctorate) from CEU San Pablo University.