Figuring out public finance –
The politics of European statistical harmonization

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1) Introduction

• **Euro** as one of the most ambitious achievements of the EU

• Common monetary policy goes along with economic and **budgetary coordination**:  
  - Public deficit $\leq$ 3% of GDP  
  - Public debt $\leq$ 60% of GDP

• **How to figure out these data?**  
  - ESA as harmonized framework  
  - Eurostat as “center of calculation”
2) Literature review: the sociology of accounting

- **Constructivist perspective on accounting:**
  - Interactions between accounting and its environment

Opening up the **black box** of national accounting:

- National accounting figures as **inscriptions**
  → How dense is the network in which they are embedded?

- National accounting as a **tool of government**
  → How does it shape the conduct of budgetary conducts?
2) Literature review: economics and political science

1. Economics: “optimum currency area”
   - Normative stance: the EMU “as it is” vs. what it “should be”
   - Equates economic efficiency with what is socially desirable
   - Neglects political and social dimensions of the EMU

2. Political science
   - Reintroduction of these concerns in the study of the EMU
   - Yet, public finance figures usually taken for granted
   - Exception: Savage (2005) but:
     a. Need for an update: consequences of the Eurozone crisis?
     b. Focus on the European statistical apparatus: what effects at national level?
3) Case study: the European statistical apparatus

• Development of a genuine statistical apparatus in the 1990s by Eurostat:
  - Scarce resources → “Assumption of trust”
  - Techniques of monitoring at a distance and statistical case law

• First Greek statistical crisis (2004): shortcomings laid bare; no fundamental change

• Second Greek crisis (2010) → Comprehensive reform:
  - (Quasi-)auditing powers
  - Significant increase of staff: from 15 to 65 people
  - Ability to fine countries for misreporting of statistical data
3) Case study: figuring out Wallonia’s public debt

- **Peculiar features** of the Belgian statistical architecture:
  - Limited number of staff dedicated to public finance statistics
  - Ineffective cooperation from regions, in a highly decentralized country
  → Are Belgian public finance statistics **reliable**?

- Court of Audit as **relay**: Wallonia’s *gross public debt* amounted to €11,2 bn in 2012

- **Economic approach** to public debt → Reclassification of units and financial schemes
4) Discussion: Wallonia reshaped by national accounting

• Outcome of the controversy:
  - **Comprehensive metamorphosis** of the Belgian statistical architecture
  - **Reincorporation of Wallonia** within the European statistical network

→ Effects?

1. **Re-territorialization** of Wallonia as a “calculable space” → Wide range of organizations, from classic public administrations to companies subject to private law

• **Distinctiveness** of reclassified bodies called into question:
  - Identity under stress
  - Series of new (statistical, political, budgetary, etc.) requirements
  - Challenges before administrative courts
4) Discussion: Wallonia reshaped by national accounting

2. Reintegration within the EMU and its fiscal framework
   • Wallonia as a “dunce” ⇒ How to react to this new “fact”? 
     - Austerity measures: spending cuts, delayed investments, etc.
     - Playing at the margins of accounting: privatization and marketization

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<tr>
<th>Criteria</th>
<th>Public sector</th>
<th>Private sector</th>
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<tr>
<td>Non-market output</td>
<td>General government</td>
<td>NPISH</td>
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<td>Market output</td>
<td>Public corporations</td>
<td>Private corporations</td>
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- Sales > 50% of costs
- Competition
5) Conclusion

• Statistical harmonization as result of **hard-fought struggles**

• Strengthening of a **genuine statistical architecture** at European level (ESA legally binding, statistical case law, quasi-audit powers, financial sanctions, …)

• Consequences of the **controversy** about public finance statistics in Belgium?
  - Fundamental metamorphosis of Belgium’s statistical architecture
  - Re-territorialization of Wallonia: political landscape profoundly reshaped
  - Reintegration of Wallonia within the (orthodox) EMU: **incentive to privatize and/or marketize** public service delivery

• Need to pay closer attention to the interactions between mundane calculative practices and public policies
5) Conclusion
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