

**Abstract of PhD Dissertation**

**Gabriella Klára Csűrös**

**Certain Financial Law Aspects of the  
European Union as a Regional Economic  
Integration**

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## **1. Dimensioning of Research, Research Tasks**

### **1.1 Topic of Research**

The subject of my work is the European Union as a special regional integration in certain aspects of financial law. The reason for my choice of topic is the presumption that by the research of economic integration forms, their realizations and specialities in the European Union you can define a number of legal features that are special elements of integration financial law and public finance in the EU. The EU is constantly evolving shaped by its internal and external interactions. In my dissertation I research from the viewpoint of financial law the different and changing forms of European regional integration and its institutions reformed by the crisis.

### **1.2 Aims of Research**

The aim of my research was to explore new dimensions of European regional economic integration and the legal system of economic policy cooperation full of contradictions and unanswered questions – by a complex, special methodological approach.

### **1.3 Actuality of Research Topic**

The actuality of research topic is indisputable. Due to the ongoing and worldwide depression the supervision and evaluation of governmental roles is surfacing not only at the national but also at the European governmental level. Reform process at EU level is noticeable with the aim of stabilization the European governance, which is not ended yet, whereas the measures taken so far have already resulted in alteration of economic governance. Till now most significantly the cooperation and supervision of economic policy in the EU has been reformed. For the purpose of analysing more thoroughly this reform you need to define the European integration (unique phenomenon of economic and monetary union) and the results of European cooperation of economic policy achieved so far. Furthermore you need to reveal its characteristics, possible deficiencies and inconsistency.

The European Union is a unique form of economic integration. I propose to assign its special financial law features with the search of special integration forms in the EU. The coordination of economic policy at EU level is a fundamental part of economic union and one of the least studied area of financial law research – though its institutions concerning economic and fiscal policies have financial law aspects too. In consequence of the ongoing crisis inadequacies of economic policy have been exposed. Therefore, owing to the actuality and niche nature of the research topic I search the peculiarities of European economic integration and particularly the rules and financial instruments of economic policy cooperation and their changes until March 2. 2012.

## **1.4 Structure of Dissertation**

My dissertation can be divided into three parts. I begin the first part with the determination and differentiation of fundamental definitions that are relevant to the entire content. Afterward, in the framework of theoretical foundation the issue of international financial law, fiscal federalism and taxonomy of forms of economic integrations is the subject of my study.

In the second major structural unit I search the forms of economic integration. In this part, within the theoretical framework of economic integration forms I focus on the EU as a special regional economic integration and conclude some financial law aspects of it (particularly analyzing the integration forms in the EU and in its external relation system). In connection with the financial law research of European regional economic integration more issues will be also examined as case studies: the international development policy of the EU and cohesion funds of EFTA states.

I research more particularly the present form of European regional economic integration, the economic and monetary union. First of all I globally determine some characteristics of fiscal policy in the EU. For the determination of characteristics of fiscal policy I invoke the theory of fiscal federalism – hereby the manifestation of government functions can be examined in the EU subscribing fiscal relations among different governmental levels.

In the third part, within the economic and monetary union I examine in more detail the coordination of economic policies of Member States at EU level – the development, change, feature and deficiencies of the system of its rules and funds. By virtue of this examination I define and estimate the elements of multi-pillar surveillance system established due to the crisis, the international agreements completing this cooperation and specialities of available instruments of economic and monetary policy in the case of severe difficulties and finally the activation of one of these instruments in the case of Hungary.

## **2. Methods of Research**

During my research I adopt primarily deductive, analytical analysis, interpretation of statutory instruments, teleological interpretation, historical analysis and comparative method – taking into account the techniques of collecting and estimating statistical data. By using unified and complex theoretical approach I search the financial law characteristics of European regional economic integration with special methodological method. The elaborated legal documents and literature are extensive, many of them are foreign-language sources.

### **2.1 Case Studies and Statistical Data Analysis**

The European Union, as a regional economic integration has built up special international relationships, forms of integration with third countries and the financial law features of these relations can be determined by the method of

analysing certain public policies in the EU. Therefore I research the financial law segments of the above mentioned policies and issues in the framework of case studies: international development policy of the EU in connection with trade relations, the cohesion policy and the cohesion funds of EFTA (European Free Trade Association) countries supporting some EU Member States, as well as the customs and monetary policy and the special relationship between the EU and the so called *de iure* states.

The case studies based on subjective selection are intended to increase the added value of research, so be incoherent and controversial, timely or not examined so far. Related to case studies I evaluated and compared statistical data as well.

## **2.2 Special Methodological Approaches**

The special methodological approach is not only a merit of the dissertation but also presents difficulties and acquires complexity of work. I research the financial legal order of the EU from the viewpoint of integration forms turning away from the exclusively traditional positive approach and descriptive method (that method can be used for the search of EU policies, hence for the analysis of public finance in the EU as well).

The determination and systematization of the related definitions and the connecting theories constitutes an extensive theoretical base for scientific research.

Research goals and the use of special methodological approach require the knowledge of public finance theories, the valid legal regulations of financial law, EU budget and certain public policies in the EU, even though their detailed description is not necessary. For this reason the research of EU public policies concentrates only on the case studies. By these methods the elaborated legal documents and literature cannot be exhaustive, but provide the exploration of correlating issues and possible inconsistency.

## **2.3 Interpretation of Statutory Instruments, Historical Analysis and Comparative Method**

Among the methods of research I applied the technique of interpretation of statutory instruments when I examined and evaluated the relevant European and international legal acts. Within this framework the historical analysis and comparative method are used for the examination of European integration forms and case studies as well.

Historical analysis and teleological method are adopted during the analysis of legal history related to economic policy coordination, furthermore in pursuance of examining the evolving and changing institutions I intended to determine the changes, reasons, purpose and character of the given legal institution with critical analysis – considering the environmental variables.

## **2.4 Interdisciplinary**

The research topic covers not only financial law issues but also other branches of law (e.g. European law, international law) as well as other disciplines (e. g.

economics), furthermore the financial law itself has common research field with other area of law. Therefore the research of the EU as special regional economic integration from the viewpoint of financial law requires an interdisciplinary approach.

In my dissertation I fundamentally emphasize the financial law elements, though owing to the strongly interdisciplinary nature of the topic in the case of more branches of law or more discipline cover a certain definition or theory, their examination will be involved in the research as well. The complex analysis is essential, though using normative approach of financial law, the aim, function and contradictions of certain legal institutions can be only understood if you see the potential political and economic political factors and processes as well. The study of political and economic background serves and narrows only to confirm or deny the thesis based on the interpretation of regulations and concerning literature professional views.

### **3. Scientific Presumptions, Results ff Research and their Utilization**

In my dissertation I determine definitions and prove findings, reveal inconsistency in a certain institution or correlations between different issues etc., and I only summarize the most important ones in what follows. During my research my hypotheses got proved, related findings and theses become differentiated.

#### **3.1 My Hypotheses and Abstract of the Theses**

##### ***1<sup>st</sup> Hypothesis***

*Due to research of forms and characteristics of economic integration, specific areas of integration's financial law can be determined. Within this area, the examination of integration theories and certain EU policies applying both to the internal and external fiscal relations contribute to reveal the unique financial institutions and their features in the European integration.*

##### ***Theses Related to the 1<sup>st</sup> Hypothesis***

This hypothesis presupposes the *determination of related definitions*, besides the theses connected to the 1. hypothesis are confirmed by other group of theses as well.

Financial law is a branch of law. International financial law is a part of financial law that is separated and formed by international agreements that can restrict some financial law sovereignty, on the other hand with its own developing legal order it can create new financial law institutions that can affect to national financial law relations as well. Therefore the legal system of financial law and international financial law limit each other and are in mutual interaction.

The research areas of international financial law are changing and more and more expanding. One of its special segments is the integration's financial law. In the framework of integration's financial law the fiscal regulation and instrument system of internal (intraintegration) and external (interintegration) relations can be analysed as well. Several typologies exist with regard to integrations, during my research I examine the forms of economic integrations.

Economic integration is an international cooperation form primarily with economic purpose that is formed within a geographical area by independent voluntary accord of two or more states. Distinctive forms of economic integration are free trade zone, customs union, common (or internal) market and economic union.

Regional economic integrations are such institutionalized cooperation forms within the typologies of economic integrations in which member states voluntarily limit their economic policy autonomy and aim to create common market or a stronger economic cooperation form. That is why the European Union is a regional economic integration, and its essential aim is to achieve an economic and monetary union.

*The European Union established with some third countries such cooperations that are connected to more integration forms. These are specific fields of integration financial law.*

In Europe the European Free Trade Association (EFTA) is an economic integration, whereas the EU is already a regional economic integration. The EU and the EFTA or rather its member states founded the European Economic Area that is not only a free trade zone but also a common market. Therefore the EFTA states which founded earlier and between each other only economic integration with the aim of free trade zone, already cooperate with the EU in the European Economic Area in the framework of a regional economic integration. (Switzerland's status is legally different, but in essence it is equal.)

Some, non-EU member microstates established partial customs union with the EU. Besides, to ensure the legal succession of earlier agreements between certain EU Member States and microstates these microstates have the right to issue a limited quantity of Euro coins and to use the Euro as their official currency. These microstates are San Marino, the Vatican, Monaco and Andorra with the specialities of that the Vatican does not create customs union whereas enjoy exemption from all Community duties and taxes, Andorra only becomes de iure state when the Monetary Agreement (June 30. 2011) enters into force. Monetary Agreements regulated the conditions of issuing euro coins and using euro in different way, but due to the crisis these rules have been modified with the aim of unification (in terms of it Andorra becomes de iure state as well) and reinforcement of the control of the Union. These microstates cooperate with the EU in different issues that is why they are related to the EU with the integration forms of customs union, common market and economic and monetary union – but with limitation and without substantive sovereignty restriction in every case.

*The examination of certain integration theories and EU policies related to economic cooperation forms reveals special financial law connections:*

The fiscal relations between different governmental levels (also in international dimension) are changing and dynamically widening resulting in more complex fiscal relations. This can be noticed in the system of EU foreign policy supports, in the connection of EU economic integration forms (internal market, economy and monetary union) and the regional policy and in the regarding budgetary expenditures as well.

As a consequence of integration theories related to the internal market and the monetary union the necessity of regional supports are justified, therefore – in maintaining these integration forms, according to the theories as well – the regional expenses are reasonable, and if new and less developed countries join to the EU the increasing level of regional expenditures is also justified. This reasoning can be remarkable in the dispute of the next multiannual financial framework.

EFTA states have the advantage of the internal market achievements though they are not Member States of the EU. As the externalities of internal market are tackled at EU governmental level essentially by the system of regional supports, the participating EFTA countries in the EEA and Switzerland also grants for certain EU Member States (see also in the 2. Theses).

Economic and trade relations of the EU have many financial law characteristics. The foreign policy of the EU, accordingly the instruments of international development policy are also altering and expansive; create complex, sometimes overlapping system; additionally effect on the formation of budgetary customs revenues in the EU as well (see also the 2. Theses).

## ***2<sup>nd</sup> Hypothesis***

*Financial relations of the EU form a complex, multi-channel funding system. However, funds of certain EU policies, their functions and legal order are in many cases incoherent and fragmented, show overlaps, therefore their modification (for example in the scope of the next multiannual financial framework) is worth taking into considering.*

## ***Theses Related to the 2<sup>nd</sup> Hypothesis***

The term of *multi-channel funding system* means different sources of financing for the same purposes and programmes. It can be analysed from several aspects. First of all, multi-channel funding can be achieved by co-financed programmes of international legal entities (e.g. in the case of payment difficulties the EU can provide a credit in cooperation with the International Monetary Fund and World Bank). Secondly, in the framework of multi-channel funding the same target can be financed from different funds as well (see e. g. the various funds of cohesion policy such as Cohesion Fund, structural funds and the financial instruments of EFTA states). Intergovernmental fiscal relations among different governmental levels (subnational, national, supranational) can result in multilevel and multi-



sectorised financing (proved by the principles of co-financing and additionality). The realization of multi-channel financing is confirmed by the case studies, government functions and also the EU institutions tackling extraordinary difficulties (the peculiarities of subsidy system related to government functions are defined in the framework of 3. Theses).

*Related to the trade and cooperation agreements amongst the EU and third countries the EU operates a complex support system through the method of multi-channel funding.*

This multi-channel financing system consists of: the repayable grants of European Investment Bank, non-repayable grants of European Development Fund outside the EU budget, and non-refundable grants of the multiannual financial framework within its fourth chapter and certain reserve funds. Among them the subsidies from the EU budget constitute the most differentiated regime. The regulation system of non-repayable grants has a number of contradictions. The grants of the European Development Fund and the EU budget differ in the aspect of time interval, regulation of decision, procedure and the accounting system, as well as the related funds overlap one another (it can occur that more funds support the same aim, programme and group of countries, a fund has more functions etc.).

*The economic cooperation between the EU and EFTA states constitute a special cooperation form in several ways: the actors of cooperation (integrations), the legal and institutional framework and the budgetary relations have unique features. Funds provided by the EFTA states relate to the EU's regional policy in the view of their function and have the following main characteristics:*

As basically these funds provide subsidy to the institutions of public sector and apply the principle of partnership, they promote the fiscal relations between different governmental levels and the multilevel and multi-sectorised governance.

While the cohesion funds for less developed areas are quantifiable and quantified (although their effect on increasing the cohesion can be less expressed), the quantification of the benefit from the internal market is more difficult. Nevertheless the cohesion subsidies embed in a relationship creating mutual rights and obligations.

The rules of the EEA and Norwegian Financial Mechanism, as well as the Swiss Contribution are similar in many aspects to the rules of the Cohesion Fund and the structural funds. According to their legal system all of them are medium-term funds with cohesion purposes and redistributive effect, and allocate only non-repayable grants nowadays, use the programming method, the principle of co-financing and partnership, the institution of transition support. Additionally despite of their multiannual term their regulations provide relative flexibility. The institutional and control system of these funds are also similar.

As differences you can mention that the priorities and volume of non-payable grants made disposable by the funds differ (the subsidies of EFTA states are considerably less than the EU cohesion subsidies). The funds of EFTA states are

more centralized as in every case the donor states authorities make the final decision.

It can be concluded that Norway is that third country which contributes in proportion to population and also in grant total with the largest amount to the decreasing of divergence within the EU – the main external supporter of the cohesion in the EU.

I consider controversial that the term and the beneficiary states of the EFTA states' funds are different from each other and do not conform to the term of EU's multiannual financial framework and the range of EU's cohesion states.

### ***3<sup>rd</sup> Hypothesis***

*Fiscal relations among different governmental levels in the EU result in special manifestations of government functions. The stabilization instruments of economic policy coordination basically appear outside the EU budget.*

### ***Theses Related to the 3<sup>rd</sup> Hypothesis***

The allocation, redistribution and stabilization function, as research topic of the fiscal federalism have the following main characteristics in the European Union:

The fiscal policy of the EU fulfils *allocation function* whereas not in a decisive manner. It can be justified with the fact that the main welfare tasks remained the competence of Member States, the EU respects essential State functions (Article 4 (2) TEU) and it is also adequate to the principles of subsidiarity and proportionality (Article 5 (1), (3), (4) TEU). In my opinion, the EU determines European public goods as regional or international goods mostly by its agricultural, environmental, research and development policies.

The research and development policy and environmental policy also appears both directly and indirectly in the EU budget expenditures. Compared to one another the direct expenditures of research and development policy are ten times larger; the indirect expenditures of both policies are more considerable, however, difficult to quantify. In addition, the common agricultural policy represents most significantly the allocation function. In the scope of it European public goods, as market failures are handled by an extensive agricultural support system at the European governmental level. Although the financial system of the allocation function related to the agricultural policy has already changed, become more comfortable to the market relations, the high level of the agricultural policy expenditures is still a controversial issue. In my view the internal structural reform of the agricultural subsidy system could strengthen the reason for the relatively high level of agricultural expenses and for the maintenance of public interest in agricultural policy. That is justified by the multifunctionality of agriculture and the Engel's Rule as well.

Researching government functions at EU level also demonstrated that the functions many times appear linked and together, certain public policy can realize more government functions as well (as an illustration the agricultural policy also

has market stabilization function and the structural grants of rural development effect in the framework of redistribution function).

Due to the European regional and international development policy fundamentally provide subsidies for development, so that they perform *redistributive function* in the EU. The budgetary volume of EU regional policy supports is more significant. The redistribution function is strengthening in consequence of the proportional and total extending volume of cohesion, development grants, whereas it is still limited in comparison to the national redistributive transfer mechanism with respect to the income ceiling and built-in corrective mechanisms of the EU budget.

The redistribution function has different directions, besides the actors of support relationships and the forms and techniques of subsidies are getting variable. The allocation mechanism of redistribution function also effects on the legal and financial system, likewise the responsibilities of national governmental levels. The theory of fiscal federalism basically integrates into the vertical governmental relationships, at the same time it also promotes the enforcement of multilevel and multi-sectored government.

The fiscal policy of the EU does not, cannot perform *stabilization function*, the main reason of which is the limited scale and fundamentally development priorities of the EU budget. In relation to the funds for stabilization function I state the following conclusions:

The fiscal treatment of extraordinary events in the framework of economic and monetary policy cooperation can be performed in cases of supply difficulties and vis maior (Article 122 TFEU), disequilibrium in the balance of payments or payment difficulties as a result of the type of currency (Article 143 and 144 TFEU and Article 136 TFEU if the amendment of the Treaty enters into force).

The legal basis of repayable funds related to payment difficulties and constituted by secondary legislation are sometimes controversial and the exclusion of euro-area Member States from these funds by mean of Maastricht Treaty was precipitate and too optimistic. The new three-pillar surveillance system established due to the crisis and the amendment of the Article 136 TFEU only partially correct the conflicts and incoherency among the relevant orders of the Treaty and the secondarily legislation. I am convinced that the repayable funds for payment difficulties which expenses are provided outside the EU budget have the most effective impact on economy stabilization in the EU.

Other, non-repayable subsidies of financial instruments (like the European Union Solidarity Fund, the European Globalisation and Adjustment Fund, the Emergency Aid Reserve and the reserve for humanitarian aid) aiming further treatment of extraordinary difficulties (such as catastrophe and crisis) are mostly appear among the expenditures of EU multiannual financial framework but in many cases outside the chapters, scattered. Additionally their regulations are sometimes overlapping resulting in incoherent, not transparency structure.

Owing to my research I reckon that there are legal institutions providing stabilization function in the scope of monetary policy, coordination and surveillance of economic policy and fiscal policy as well. The enforcement of stabilization function primarily provided by not financial governmental methods but by the methods of coordination and regulation with the purpose of prevention. Basically the system of economic policy coordination and surveillance serve this preventive goal.

Afterwards in my dissertation the regulative method, which is sometimes mentioned as a governmental function is analysed in another context, such as a governmental method. Altogether beside the above mentioned governmental functions (allocation, redistribution and stabilization functions) I search the coordinative, regulative and financing governmental methods with regard to the EU.

#### ***4<sup>th</sup> Hypothesis***

*By way of historical analysis the reform of economic policy coordination and its regulation due to the crisis could be examined more established. From the Treaty of Maastricht these reforms are the most remarkable step forward. In consequence of the deepening of economic integration and the strengthening of economic policy coordination a unique, partial, mosaic-like economic policy crystallizes at EU governmental level.*

#### ***Theses Related to the 4<sup>th</sup> Hypothesis***

As result of historical analysis it can be proved that the Treaty of Rome already regulated the economic policy cooperation, whereas still rudimentary and did not limited the economic policy sovereignty of Member States. Afterwards only the Maastricht Treaty meant substantive reform that also established – almost invariably until the crisis – the coordination mechanism. Then only the Stability and Growth Pact meant progress in the adoption of multilateral surveillance and excessive deficit procedure laid out detailed rules, the less significant results were the adopt of Lisbon process and Lisbon strategy and next the constitute of integrated guidelines.

My research revealed the reasons, the direction and the deficiencies of the reform as well. The reasons that also gave the necessity of the alteration were the insufficiency of existing rules and the contradictory jurisdiction. These deficiencies were exposed by the crisis. Since the EU is not an optimal currency area, the economic governance is one-armed, re-emerged the need for strengthening the economic and fiscal policy coordination with the aim of stabilization.

One of the most important part of the reform measures taken until March 2012 is the improvement of multi-pillar economic governance framework in the EU. The first pillar is the strengthened coordination of economic and budgetary policies. I am convinced that the not binding acts passed by the Council are still one of the

shortcomings that can be mentioned. The second pillar is a new part of the multi-pillar surveillance system, which is the framework for preventing and correcting macroeconomic imbalances also in the scope of European Semester. In the scope of these two pillars the sanctions taken by reversed qualified majority voting, the order and extended cases of passing sanctions, finally the limitation of exculpations serve the strengthening and enforcement of the surveillance system and enhance the regulatory role of the EU. In my opinion a minus factor is that sanctions can be imposed only by the Council against the euro area Member States. The third pillar is the European System of Financial Supervision. In the framework of the rearranged micro-prudential surveillance the most notable change is that in certain cases the European Supervisory Authorities are entitled to adopt individual binding decisions addressed to the relevant national competent supervisory authorities or directly to financial institutions (e. g. a bank or an insurance company).

The lack of reforms is that in many cases the unanimous consensus is missing and commitments are undertaken often only as a declaration of political will or in the dimension of international law. As an illustration the latest agreement, the ratified Fiscal Pact shall not be used in the non-euro area Member States though they are also contracting partners.

The European Union is a unique entity among the international legal entities. The EU is a special governmental level. Though the role and competence of the EU is expanding (that is assisted by the elastic clause, the principles of primacy and pre-emption), because of the limitation of competences, principles of conferral, subsidiarity and proportionality the EU creates a special, inverse federation system – with the prevailing dominance of national governmental level. Segments of economic and fiscal policy appear in different and special forms at EU governmental level. In the EU monetary union has quantitative deficiencies; economic union has more significant, qualitative insufficiencies – even if the economic governance is getting stronger according to the crisis.

As the EU has exclusive competence in the monetary policy for the Member States whose currency is the euro, but fiscal and structural policies remain essentially in national competence, the economic and monetary union in the euro area result in a one-armed economic governance both at national and at EU level including a number of financial risks – over-spending and management problems of asymmetric economic shocks may occur.

### ***5<sup>th</sup> Hypothesis***

*The European Union can exercise an influence on economic policy of Member States by providing grants with stabilization goal. This type of grants functions as a combination of economic policy coordination and EU grant system.*

### ***Theses Related to the 5<sup>th</sup> Hypothesis***

Neither the Treaty on European Union nor the Treaty on the Functioning of the European Union authorizes the Council to ordain mandatory economic policy measures to Member States. However, the Treaty in cases of supply difficulties, vis maior and payment difficulties (Article 122 and 143 TFEU) regulates financial assistance grants under certain conditions determined by the Council. These regulations strengthen the EU as it can effect on Member States in a special way by providing repayable emergency grants in the framework of bilateral memorandum of understanding – though the bilateral manner of such kind of agreements can be questioned because of the necessity of certain Member State. Hence the medium-term financial assistance and the new European financial stabilisation mechanism functioning as a special combination of economic policy coordination and EU grant system effecting on Member States' economic policy – even if these effects are exceptional and temporary and have ad hoc nature.

### **3.2 Utilization of Research Results**

Main results of my research are the previously mentioned theses which contribute to the enrichment of financial law literature and the development of international financial law. In addition, the method and logic of research, the unified and complex theoretical approach offer possible research method to further financial law analysis of EU policies to reveal new connections and contradictions. My research can be used in the educational work, basically courses related to EU policies and public finance. Furthermore de lege ferenda suggestions for legislation can be utilized as well.

However, the applicability of the research results may encounter difficulties. With regard to the contradictions and difficulties of practical applicability (antitheses) the following de lege ferenda proposals and syntheses are ascertained in my dissertation:

*1<sup>st</sup> de lege ferenda proposal:* Related to EU international development policy I consider it necessary to coordinate the term and regulation of the European Development Fund and the subsidies of EU budget, to simplify and concentrate the financial system of EU foreign affairs within the EU budget. These suggestions require basically alteration of secondary legislation and internal structural reform without additional financing needs, therefore in my view, during the discussion of the next (2014-2020) multiannual financial framework these reforms can be achieved.

*2<sup>nd</sup> de lege ferenda proposal:* The term and the beneficiary states of the EFTA states' funds should be unified and these issues should be adjusted to the regulation of EU Cohesion Fund.

*3<sup>rd</sup> de lege ferenda proposal:* Internal structural reform of common agriculture policy financing system is necessary which can be accomplished by increasing support of rural development and environmental policy and by the extension of rural development financial techniques. Furthermore I emphasize that the clear quantification of environmental policy subsidies are important.

*Anti-thesis:* According to the proposals of the Commission up to the present, in the scope of 2014-2020 multiannual financial framework presumably the existing low level of centralization rate remains therefore the present limitation of subsidies have to be taken into consideration.

*Synthesis:* Without expanding the rate of agricultural policy subsidies internal structural alteration can be realized.

*4<sup>th</sup> de lege ferenda proposal:* The structure and regulation system of funds providing subsidies with the aim of stabilization in case of extraordinary difficulties can be simplified – thus contributes to the decrease of duplication. Within the framework of this reform it would be worth to differentiate and regulate them as separate group of subsidies as follows.

- according to the source of grant: non-repayable subsidies from the budget, repayable supports outside the budget;
- according to the beneficiary of grant: subsidy to Member States or third countries (the latter could be differentiated: candidate, neighbouring, developing and other countries)
- according to the function of extraordinary grants:
  - a) vis maior subsidies (natural, industrial disasters, other cases of force major, for example terrorist attack)
  - b) subsidies for economic difficulties (grants for imbalance of payments, macroeconomic imbalances and crisis of certain market sectors).

*5<sup>th</sup> de lege ferenda proposal:* I am convinced that in the European Union the optimal (or at least more operational) currency area requires deeper fiscal policy integration, more significant adjustment mechanism (fiscal transfers) and economic policy stabilizers.

This proposal – in case of maintaining the aim of economic and monetary union, in order to realize this aim – firstly needs to make different governmental methods of stabilization function more coherent, both within the certain method and among each other. Progress has been made in this direction, the least involved area is the system of budgetary instruments related to the financing method of stabilization. I firmly believe that fiscal transfers of stabilization function (both inside and outside the EU budget) need to be reviewed and strengthened. In my opinion instead of the new, three-pillar financial construction an overall revision of European legislation related to payment difficulties would be a more appropriate solution. In the framework of overall review the primary rules of mutual assistance (Article 143 TFEU) could be modified, so it would not be a transitional provision, the granting of credit by the Council would be

regulated by this provision and the scope of this regulation would extend to Member States whose currency is the euro as well.

*Anti-thesis related to the 4<sup>th</sup> and 5<sup>th</sup> de lege ferenda proposals:* To constitute a separate and own group of grants with the aim of stabilization and for the purpose of making subsidies in the case of payment difficulties more coherent the Treaty needs to be amended, which, in my view – assuming unchanged political process – is unlikely in the near future.

*Synthesis related to the 4<sup>th</sup> and 5<sup>th</sup> de lege ferenda proposals:* The secondary legislation related to the existing funds can be reviewed and modified during the discussion of the next multiannual financial framework (therefore e. g. emergency grants could be separated from regional subsidies, vis maior grants could be concentrated, extended).



#### 4. Publications of the Author Related to the Topic of the Dissertation

Publications related to the topic of the dissertation:

- Csűrös Gabriella: Az Európai Unió finanszírozás problematikája egy csatlakozó ország szemszögéből. In: Doktoranduszok fóruma. Miskolci Egyetem Állam - és Jogtudományi Kar szekciókiadványa. Miskolc, 2005. 54–58. old.
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- Csűrös Gabriella: Átalakuló támogatáspolitikai a 2007-2013-as közösségi pénzügyi keret tükrében és ennek hatása az önkormányzatok forrásszerkezetére. In: Horváth M. Tamás (szerk.): Nézetek és látszatok. Decentralizáció a pénzügyi környezet szemszögéből. KSZK ROP 3.1.1. Programigazgatóság, Budapest, 2007. 101–144. old.
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