An exploration on the autocratic political systems stabilization under the Recovery and Resilience Facility (RRF) of the Next Generation EU (NGEU) program

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In this paper, following Darvas's (2022) approach, we investigate the extent to which newly developed autocratic political systems in the EU benefit from the fiscal stabilisation effect of stronger redistributive function of the Recovery and Resilience Facility (RRF) of the Next Generation EU (NGEU) program. Kornai (2016) defined autocracies as political systems in which "the government cannot be removed through peaceful and civilised procedure". NGEU program stands out in formulating common objectives at the level of the European common economic area, the fiscal scale of the program, as well as the conditionality mechanisms associated with accessing available fiscal resources. To assess the possible effects of the conditionality system of the new NGEU mechanism design of Eu level fiscal redistribution, we study government stability and reforms in failed democracies of the Eastern European part of the European Union. We conclude that the lack of political conditionality in the NGEU program, and its RRF component, can be associated with an unintended effect of reinforcing autocratic political messaging on the sustained attempts of external agenda-setting attempts to weaken locally successful democratic regimes. Furthermore, through the fiscally stabilising effect of the NGEU's RRF, autocratic political systems benefit by furthering the demand for autocracy as an overall political system across focus countries. Thus, we find evidence in line with the results of Armingeon et al. (2022), who argued that the optimism on the policy innovation of the NGEU program is misplaced as the NGEU-based RRF is primarily an ex-ante intervention based on pre-crises economic conditions and the economic effects of crises.

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