



## PROGRAMME

1<sup>ST</sup> EUROFRAME CONFERENCE  
ON ECONOMIC POLICY ISSUES IN THE EUROPEAN UNION

# Fiscal Policies in the European Union

Friday 4 June 2004

Organised by the EUROFRAME group of Research Institutes  
CPB (The Hague), DIW (Berlin), ESRI (Dublin), ETLA (Helsinki), IfW (Kiel),  
NIESR (London), OFCE (Paris), PROMETEIA (Bologna) and WIFO (Vienna)

*Hosted by CERPEM/CREFED*

Université Paris Dauphine  
Place du Maréchal de Lattre de Tassigny  
Paris 16<sup>e</sup>



## Conference Timetable

8.15 – 9.00	<i>Registration (Entrance hall)</i> <i>Coffee (Floor 2 – Room ‘Raymond Aron’)</i>		
9.00 – 9.30	<i>Opening address</i>		
9.30 – 11.00	<b>Session 1.</b> <b>Stability and Growth Pact</b> Room ‘Raymond Aron’	<b>Session 2.</b> <b>Fiscal Policy Rules</b> Room ‘D’	
11.00 – 11.30	<i>Coffee break</i>		
11.30 – 13.00	<b>Session 3.</b> <b>Fiscal Policy Effectiveness</b> Room ‘D’	<b>Session 4.</b> <b>Fiscal Policy Rules</b> Room ‘Raymond Aron’	
13.00 – 14.00	<i>Lunch</i>		
14.00 – 15.30	<b>Session 5.</b> <b>Stability and Growth Pact</b> Room ‘Raymond Aron’	<b>Session 6.</b> <b>Tax Competition</b> Room ‘C’	<b>Session 7.</b> <b>Fiscal Policy Interdependences</b> Room ‘4’
15.30 – 16.45	<b>Session 8.</b> <b>Fiscal Policy Effectiveness</b> Room ‘Raymond Aron’	<b>Session 9.</b> <b>Enlargement</b> Room ‘C’	
16.45 – 17.00	<i>Coffee break</i>		
17.00 – 18.15	<b>Roundtable</b> Room ‘Raymond Aron’		
18.30 – 21.00	<i>Cocktail</i>		

**8.15 – 9.00: Registration** (Entrance hall) **and coffee** (Floor 2, Room 'Raymond Aron')

**9.00 – 9.30: Opening Address** (Floor 2, Room 'Raymond Aron')

**Bernard de Montmorillon, Président, Université Paris Dauphine**

**Gustav Horn, EUROFRAME Chairman and DIW**

**Catherine Mathieu, OFCE**

**9.30 – 11.00: Parallel Sessions**

**Session 1. Stability and Growth Pact** (Floor 2, Room 'Raymond Aron')

Chair: **Agnès Bénassy-Quéré, Université Paris X (THEMA) and CEPII**

How successful has the Stability and Growth Pact been? An empirical analysis  
**Andrew Hughes Hallett, Vanderbilt University and CEPR, John Lewis, Bank of Estonia**

The impact of the EU fiscal framework on economic activity  
**Alessandro Turrini and Jan in 't Veld, European Commission – DG ECFIN**

Pressures on the Stability and Growth Pact from asymmetry in policy  
**David Mayes, Bank of Finland and Matti Virén, Bank of Finland and University of Turku**

The economic importance of fiscal rules  
**Luca Onorante, European Central Bank**

Discussant: **Pierre Villa, CEPII and Université Paris Dauphine – CERPEM/CREFED**

**Session 2. Fiscal Policy Rules** (Floor 2, Room 'D')

*Theoretical approaches to fiscal rules*

Chair: **Paolo Onofri, Prometeia**

Fiscal rules and sustainability of public finances in an endogenous growth model  
**Barbara Annicchiarico, Department of Economics – University of Rome 'Tor Vergata', Nicola Giammarioli, ECB – Fiscal Policies Division**

Allocative inefficiency of debt financing of public investment – an ignored aspect of "the golden rule of public sector borrowing"  
**Kersten Kellermann, University of Fribourg**

Stability consequences of fiscal policy rules  
**Jukka Railavo, Bank of Finland**

Taxation-based stabilisation policy  
**Bernhard Herz, Economics Department – University of Bayreuth, Werner Röger, European Commission – DG ECFIN, Lukas Vogel, Economics Department – University of Bayreuth**

Discussant: **Antoine d'Autume, EUREQua, Université Paris I**

## 11.30 – 13.00: Parallel Sessions

### Session 3. Fiscal Policy Effectiveness (Floor 2, Room 'D')

Chair: **Selma Mahfouz, DP-MINEFI**

The Finnish experience of fiscal consolidation in the 1990s: what was cyclical and what was structural?

**Jaakko Kiander, Government Institute for Economic Research VATT**

The development of public finances in Germany after the qualification for EMU - The origins of the excessive deficit

**Jana Kremer and Karsten Wendorff, Deutsche Bundesbank**

Is the Ricardian equivalence proposition an "aerie fairy" theory for Europe?

**Jesús Crespo Cuaresma, Department of Economics, University of Vienna, Gerhard Reitschuler, Oesterreichische Nationalbank, Foreign Research Division**

Discussant: **John Fitz Gerald, ESRI**

### Session 4. Fiscal Policy Rules (Floor 2, Room 'Raymond Aron')

#### *Empirical evidence on rule based frameworks*

Chair: **Markus Marterbauer, Austrian Institute of Economic Research (WIFO)**

Fiscal rules and stabilisers in Europe

**Ray Barrell, Dawn Holland, Ian Hurst and Ali al Eyd, NIESR**

Fiscal policy rules for stabilisation and growth: a simulation analysis of deficit and expenditure targets in a monetary Union

**Tilman Brück and Rudolf Zwiener, DIW**

Sustainability of EU public finances

**Fernando C. Ballabriga, ESADE Business School, Carlos Martinez-Mongay, European Commission**

Cyclical sensitivity of fiscal policies based on real-time data

**Lorenzo Forni and Sandro Momigliano, Banca d'Italia**

Discussant: **Jan in' t Veld, European Commission – DG ECFIN**

## 14.00 – 15.30: Parallel Sessions

### Session 5. Stability and Growth Pact (Floor 2, Room 'Raymond Aron')

Chair: **Henri Sterdyniak, OFCE and Université Paris Dauphine – CERPEM/CREFED**

Stability and Growth Pact: how much co-ordination in an expanding Union?

**John Fitz Gerald, Adele Bergin, Joe Cullen and Daniel McCoy, ESRI**

A simple and flexible alternative to the Stability and Growth Pact deficit ceilings: is it at hand?

**V. Anton Muscatelli, University of Glasgow and CESIFO, Munich, Piergiiovanna Natale, Università di Milano Bicocca and Università Cattolica del Sacro Cuore, Patrizio Tirelli, Università di Milano Bicocca**

Population ageing, pension reforms and public finance targets  
**Heikki Oksanen, European Commission – DG ECFIN**

*Contributed paper:* Macroeconomic stabilisation in the EMU: rules versus institutions  
**Lilia Cavallari, University of Rome III, Debora di Gioacchino, University of Rome la Sapienza**

Discussant: **Jean Pisani-Ferry, Université Paris Dauphine**

## **Session 6. Tax Competition** (Floor 2, Room 'C')

Chair: **Nicola Giammarioli, European Central Bank**

How does FDI react to corporate taxation?  
**Agnès Bénassy-Quéré, University of Paris X (THEMA) and CEPII, Lionel Fontagné, CEPII and TEAM, Amina Lahrèche-Révil, CEPII and TEAM**

Tax co-ordination, tax competition and fiscal pressure in Europe  
**Silvia Giannini, University of Bologna and CAPP**

Company tax competition in an enlarged EU  
**Margit Schratzenstaller, Austrian Institute of Economic Research (WIFO)**

Taxation, ethnic ties, and the location choice of highly-skilled immigrants  
**Thomas Liebig and Alfonso Sousa-Poza, Department of Economics and Research Institute for Labour Economics and Labour Law, University of St. Gallen**

Discussant: **Jacques Le Cacheux, OFCE – Université de Pau et des Pays de l'Adour**

## **Session 7. Fiscal Policy Interdependences** (Floor 2, Room '4')

Chair: **Xavier Timbeau, OFCE**

Stabilization and fiscal policy coordination in an heterogeneous monetary union  
**Amélie Barbier-Gauchard and Christophe Blot, Laboratoire d'Économie d'Orléans**

Is an increase of the fiscal budget at EMU level desirable?  
**Davide Furceri, University of Illinois at Chicago – University of Palermo**

Transatlantic monetary and fiscal policy interaction  
**Bas Van Aarle, LICOS – University of Leuven, Harry Garretsen, Utrecht School of Economics – Utrecht University, Florence Huart, Médée – Université des Sciences et Technologies de Lille**

Discussant: **Wim Suyker, CPB**

## **15.30 – 16.45: Parallel Sessions**

### **Session 8. Fiscal Policy effectiveness** (Floor 2, Room 'Raymond Aron')

Chair: **Jorgen Mortensen, CEPS**

The dynamic effects of public capital: Var evidence for 22 OECD Countries  
**Christophe Kamps, IfW**

Should we forget fiscal stabilisation policies? A critical survey of the new anti Keynesian view of public finances

**Jérôme Creel, Bruno Ducoudré, Catherine Mathieu, Francesco Saraceno and Henri Sterdyniak, OFCE**

Public finances and long-term growth in Europe: evidence from a panel data analysis

**Diego Romero de Ávila, School of Business and Economics, University of Exeter, Rolf Strauch, European Central Bank**

Discussant: **Markku Kotilainen, ETLA**

## **Session 9. Enlargement** (Floor 2, Room 'C')

Chair: **Danny McCoy, ESRI**

Macroeconomic effects of fiscal policies in the acceding countries

**Gabriele Tondl, Vienna University of Economics & BA**

Hungary's experience with fiscal stabilisation and budgetary consolidation in the 1990s and the 2000s. Lessons and conclusions

**Miklós Losoncz, GKI Economic Research Co**

Discussant: **Ray Barrell, NIESR**

## **17.00 – 18.15: Roundtable** (Floor 2, Room Raymond Aron)

**Ray Barrell, NIESR**

**Marco Buti, European Commission**

**Jean-Paul Fitoussi, OFCE and Institut d'Etudes Politiques de Paris**

**Joachim Scheide, IfW**

Chair: **Henri Sterdyniak, OFCE and Université Paris Dauphine – CERPEM/CREFED**

## **18.30 – 21.00: Cocktail**

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### **Scientific Committee**

Ray Barrell (NIESR), John Fitz Gerald (ESRI), Gustav Horn (DIW), Markku Kotilainen (ETLA), Paolo Onofri (Prometeia), Joachim Scheide (IfW), Henri Sterdyniak (OFCE), Paul Tang (CPB)

### **Local Organising Committee**

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### **Administrative team**

Esther Benbassat (OFCE), Nathalie Ovide (OFCE), Corinne Virique (Université Paris Dauphine – CREFED)

**Information and papers available at <http://www.euroframe.org>**