



EUROPEAN COMMISSION
DIRECTORATE GENERAL
ECONOMIC AND FINANCIAL AFFAIRS
Fiscal policy and policy mix
Fiscal policy and surveillance

**11TH MEETING OF THE
NETWORK OF PUBLIC FINANCE ECONOMISTS IN PUBLIC ADMINISTRATIONS**

PROGRAMME

Brussels, 28 March 2017

Venue: Charlemagne, Rue de la Loi 170, 1040 Brussels, room: Jenkins

9.30-10.00 REGISTRATION AND WELCOME COFFEE
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10.00-10.10 **INTRODUCTION TO THE MEETING**

WELCOME (Lucio Pench, European Commission)

10.10-12.30 **SESSION I – ASSESSING THE EURO AREA FISCAL STANCE**

Chair: Lucio Pench (European Commission)

- **METHODOLOGICAL ISSUES ON THE EURO AREA FISCAL STANCE** (Eloïse Orseau, European Commission) (25 min. excl. discussion)

This presentation discusses the methodological issues raised by the analysis of the aggregate fiscal stance in the euro area. It suggests solutions to assess stabilisation and sustainability needs and establishes criteria to deal with possible conflicts between the two. Finally, it discusses issues related to aggregation and the geographical and budgetary composition.

- **AN ECB VIEW ON THE EURO AREA FISCAL STANCE** (Marien Ferdinandusse, European Central Bank) (25 min. excl. discussion)

The presentation describes the evolution of the euro area fiscal stance and analyses its appropriateness. The analytical exercise is agnostic about the relative weights of the stabilisation and sustainability objectives and considers them separately. This is distinct from the SGP framework, which synthesises the two, placing a stronger emphasis on the latter. The ultimate aim of this approach is to analyse the possible interactions between the two objectives.

11.00-11.15 COFFEE

- **A GERMAN PERSPECTIVE ON THE EURO AREA FISCAL STANCE** (Robert Plachta, Jörg Stosberg, Ministry of Finance, Germany) (30 min. excl. discussion)

The presentation offers a German perspective on the European Commission analysis of the euro area fiscal stance, deriving policy implications for the Eurozone and Germany. In particular, the presentation will discuss whether the policy recommendations given by the European Commission based on the analysis of the aggregate fiscal stance of the euro area are effective and appropriate.

- **OPEN DISCUSSION** (45 min.)

12.30-14.00 LUNCH

14.00-16.45 SESSION II – CHALLENGES FOR FISCAL POLICIES IN THE AREA OF PUBLIC INVESTMENT AND TAX REVENUES

Chair: Gilles Mourre (European Commission)

- **AN INVESTMENT BUDGET FOR THE EURO AREA?** (Adrien Zakhartchouk, Ministry of Finance, France) (45 min. incl. discussion)

The presentation argues that the euro area architecture needs to be significantly strengthened to ensure economic convergence and better macroeconomic stabilisation. The authors propose to set up a common investment capacity for the euro area (including borrowing capacity) financed by cyclical revenues and together with a strengthening of domestic fiscal rules to ensure fiscal sustainability. Simulations show that such a scheme could have allowed the euro area to come out of the crisis with a higher level of GDP and the same debt-to-GDP ratio.

- **PHYSICAL INFRASTRUCTURES' INVESTMENT DATA** (Giovanni Rizzo, Ministry of Finance, Italy) (15 min. excl. discussion)

The aim of the presentation is to provide a follow-up on the developments of the main database of public investments in Italy (BDAP). BDAP collects detailed information about 170.000 physical infrastructures across Italy to provide information for policymakers. First evidence from financial, physical and procedural data allows determining the timing of cash flows into the economy and identify the investment programmes that are more effective in achieving fiscal goals and satisfy citizens' expectations.

15.00-15.15 COFFEE

- **INSTITUTIONAL BARRIERS HAMPERING INVESTMENT AND HOW TO OVERCOME THEM** (Renato Loiero, Senato della Repubblica Italiana) (30 min. excl. discussion)

The presentation has three goals. First, it presents key factors hampering investment. Second, it focuses on the difficulties of cost and benefit analysis when it is used in a decision-making process and proposes how to close the gap between technical evaluation and political decision. The final part describes the Italian experience of the so-called Jessica programmes. The authors conclude that it is fundamental to tackle weak strategic planning and project definition.

- **OPEN DISCUSSION ON INSTITUTIONAL BARRIERS ON PUBLIC INVESTMENT** (15 min.)

- **IMPACT OF DISCRETIONARY MEASURES ON REVENUE ELASTICITIES** (Carlos Cuerpo, Fiscal Council Spain) (45 min. incl. discussion)

The main objective of the presentation is to analyse the impact of discretionary fiscal measures on the calculation of tax revenue elasticities with respect to their tax base. Short-term and long-term income elasticities for excise taxes, social security contributions, personal income taxes and corporation taxes will be estimated using Error Correction Models (ECM). The stability of these estimates will be tested through models with time varying coefficients (TVC).

16.45-17.00 POSSIBLE TOPICS FOR FUTURE MEETINGS AND CONCLUSIONS