BANCO DE ESPAÑA
Eurosistema

Barcelona GSE Graduate School of Economics

MOVE Markets, Organizations and Votes in Economics

FISCAL SUSTAINABILITY, XXI CENTURY

Hosted by
BANCO DE ESPAÑA AND BARCELONA GSE

PART I: Banco de España, Madrid: 6-8 June 2016
PART II: Barcelona Graduate School of Economics: 9-10 June 2016

PART I (MADRID)

(Contact information: fiscalweek@bde.es)

MONDAY 6 JUNE

11.00 - 11.20 **Registration and Coffee**

11.20 - 11.30 **Introductory remarks**

FISCAL CONSOLIDATION

11.30 - 12.30 **Optimal Austerity**
***Timothy J. Kehoe** (University of Minnesota)
Juan Carlos Conesa (Stony Brook University)
Kim J. Ruhl (NYU Stern School of Business)

Discussant: Roel Beetsma (University of Amsterdam)

12.30 - 13.30 **When Fiscal Consolidation Meets Private Deleveraging**
***Óscar Arce** (Banco de España)
Javier Andrés (Universidad de Valencia)
Carlos Thomas (Banco de España)

Discussant: Michal Andrle (International Monetary Fund)

13.30 - 14.30 **Lunch**

FISCAL CONSOLIDATION

14.30 - 15.30 **Does austerity pay off?**
***Johannes Pfeifer** (University of Manheim)
Benjamin Born (University of Bonn)
Gernot J. Müller (University of Tübingen)

Discussant: António Afonso (University of Lisbon)

15.30 – 16.30 **Does the Confidence Fairy Exist? Evidence from a New Narrative Dataset on Announcements of Fiscal Austerity Measures**
***Oana Furtuna** (University of Amsterdam)
Roel Beetsma and Massimo Giuliodori (University of Amsterdam)

Discussant: Enrique Moral Benito (Banco de España)

16.30 – 17.00 **Coffee Break**

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INSTRUMENTS AND STABILIZERS

17.00 – 18.00	**Crisis, Austerity and Automatic Stabilization** ***Christian Wittneben** (ZEW) M. Dolls, C. Fuest and A. Peichl (ZEW) *Discussant: Roberto Ramos Magdaleno (Banco de España)*
18.00 – 19.00	**Budget-neutral Fiscal Rules Targeting Inflation Differentials** ***Maren Brede** (Humboldt University) *Discussant: Dmitry Matveev (University of Mannheim)*
19.00 - 20.00	**KEYNOTE ADDRESS** **Fiscal Implications of Central Bank Balance Sheet Policies** **Athanasios Orphanides** (Massachusetts Institute of Technology)

TUESDAY, 7 JUNE

RULE BREAKING AND ERRORS

09.00 - 10.00	**When and why do countries break their national fiscal rules?** ***Wolf Heinrich Reuter** (Staff of the German Council of Economic Experts) *Discussant: Javier J. Pérez (Banco de España)*
10.00 – 11.00	**How to explain errors in budget balance forecasts in euro area countries? Real-time evidence based on IMF data** ***Maritta Paloviita** (Bank of Finland) Pasi Ikonen (Bank of Finland) *Discussant: Enrique Martín Quilis (AIReF)*
11.00 – 11.30	**Coffee Break**

VOTING AND RULES

11.30 – 12.30	**Do Subnational Fiscal Rules Foster Fiscal Discipline?** ***Victor Duarte Lledo** (International Monetary Fund) Ananya Kotia (University of Oxford) *Discussant: Carlos Cuerpo (AIReF)*
12.30 – 13.30	**Optimal Mechanisms for the Control of Fiscal Deficits** ***Hans Peter Grüner** (University of Mannheim) *Discussant: Antoine Loeper (Universidad Carlos III de Madrid)*

13.30 – 14.30	**Lunch**
14.30 – 16.30	**PANEL: Fiscal sustainability versus fiscal stabilization?** **Agnes Benassy** (Chair, Council of Economic Advisors, France) **Robert Chote** (Chair, Office of Budget Responsibility, UK) **João Nogueira Martins** (Economic Advisor to Pres. Donald Tusk) **Torsten Arnswald** (Head of Fiscal Policy Division, Ministry of Finance, Germany) **Juan Rojas** (Head of Economic and Market Analysis, European Stability Mechanism) *Moderator: **Pablo Hernández de Cos** (Director General, DG Economics and Statistics, Banco de España)*
16.30 – 17.00	**Coffee Break**
	RISKS OF DEFAULT AND BREAKUP
17.00 – 18.00	**Fiscal rules and the sovereign default premium** **<u>* Leonardo Martínez</u>** (IMF) J. C. Hatchondo (Indiana University) F. Roch (IMF) *Discussant: Alberto Martín (CREI, UPF and Barcelona GSE)*
18.00 – 19.00	**Fiscal Rules and Sovereign Default** **<u>*Laura Alfaro</u>** (Harvard Business School) Fabio Kanczuk (Universidade de São Paulo) *Discussant: Hernán Daniel Seoane (Universidad Carlos III de Madrid)*
19.00 - 20.00	**On the Risk of Leaving the Euro** **<u>*Albert Marcet</u>** (Institut d'Anàlisi Econòmica, CSIC) Juan Pablo Nicolini (Federal Reserve Bank of Minneapolis) Manuel Macera (Colorado State University) *Discussant: Luca Onorante (Central Bank of Ireland).*
21.00	**Dinner** *(invitation only)*

WEDNESDAY, 8 JUNE

DISCRETION AND DEBT

09.00 - 10.00	**Monetary Conservatism and Sovereign Default** ***Joost Roettger** (University of Cologne) *Discussant: Galo Nuño (Banco de España)*
10.00 - 11.00	**Fiscal delegation in a monetary union: Instrument assignment and stabilization properties** ***Henrique Basso** (Banco de España) James Costain (Banco de España) *Discussant: Luisa Lambertini (Ecole Polytechnique Federale de Lausanne)*
11.00 - 11.30	**Coffee Break**

SOVEREIGN RISK PREMIA

11.30 - 12.30	**Is Banks' Home Bias Good or Bad for Public Debt Sustainability?** ***Tamon Asonuma** (International Monetary Fund) Said Bakhache (IMF) Heiko Hesse (IMF) *Discussant: Omar Rachedi (Banco de España)*
12.30 - 13.30	**Sovereign Risk and Fiscal (In)Attention: A Look at the U.S. State Default of the 1840s** ***Huixin Bi** (Federal Reserve Bank of Kansas City) Nora Traum (North Carolina State University) *Discussant: Peter Claeys (Vrije Universiteit Brussel)*
13.30 - 14.30	**KEYNOTE ADDRESS:** **What is a sustainable public debt?** **Enrique G. Mendoza** (University of Pennsylvania) Pablo D'Erasmo (Federal Reserve Bank of Philadelphia) Jing Zhang (Federal Reserve Bank of Chicago)

*** Indicates the presenter**

Workshop Organizers/Scientific Committee

Roel Beetsma, University of Amsterdam
James Costain, Banco de España
Julio Escolano, International Monetary Fund
Juan Francisco Jimeno, Banco de España
Albert Marcet, Institut d'Anàlisi Econòmica, ICREA, UAB, MOVE and BGSE
Hannes Mueller, Institut d'Anàlisi Econòmica and BGSE.
Juan Pablo Nicolini, Institut d'Anàlisi Econòmica, Minneapolis Fed, U. di Tella
Francesc Obiols-Homs, Universitat Autònoma de Barcelona and BGSE
Javier J. Pérez Banco de España