



5<sup>TH</sup> EUROFRAME CONFERENCE  
ON ECONOMIC POLICY ISSUES IN THE EUROPEAN UNION

**Ten years of a common currency:  
achievements and policy challenges  
in the euro area**

Friday, 6 June 2008, Dublin, Ireland

Organised by the EUROFRAME group  
of Research Institutes

[www.euroframe.org](http://www.euroframe.org)

Venue: **Royal College of Physicians,  
Kildare Street  
Dublin 2**

*PROGRAMME*

**8.00 – 8.45: Registration**

**8.45 – 9.00: Opening Addresses (Winter Hall)**

John Fitz Gerald, EUROFRAME Chairman and ESRI

Frances Ruane, Director ESRI

**9.00 – 9.40: Keynote Lecture (Winter Hall)**

Banks in trouble: Same old story or something new?, **Patrick Honohan, Trinity College Dublin**

**9.40 – 11.10: Parallel Session 1. Monetary Policy (Winter Hall)**

Chair: **Joachim Scheide, IfW**

Come with me to the Eurosystem, **Alexander Jung, Francesco Paolo Mongelli, Philippe Moutot, ECB**

The Fed and the ECB: Why such an apparent difference in reactivity? **Grégory Leveuge, Laboratoire d'Economie d'Orléans, UMR CNRS 6221, Alexis Penot, GATE, University of Lyon, CNRS, ENS-LSH**

Ten years of European Monetary Union, **David Mayes, Europe Institute, University of Auckland and Bank of Finland, Matti Viren, Bank of Finland and University of Turku**

Discussant: **Karl Whelan, University College Dublin**

**9.40 – 11.10: Parallel Session 2. Banks (Dun Library)**

Chair: **Stefan Ederer, WIFO**

Strength of market discipline: Impact on the solvency of European banks, **Anissa Naouar, University of Paris X**

Bootstrap panel unit root tests and convergence: An application to retail interest rates in the euro area, **Alessandra Bettocchi, Silvestro Di Sanzo, Prometeia**

Impact of bank competition on the interest rate pass-through in the euro area, **Michiel van Leuvensteijn, CPB, Christoffer Kok Sørensen, ECB, Jacob A. Bikker, DNB and University of Utrecht, Adrian A.R.J.M. van Rixtel, Banco de España**

Discussant: **Brian Lucey, Trinity College Dublin**

**9.40 – 11.10: Parallel Session 3. Price behaviour in a Monetary Union (Lecture Theatre)**

Chair: **Markku Kotilainen, ETLA**

Optimal choice of exchange rate regimes with labour market frictions, **Ester Faia, University of Rome at Tor Vergata and Ente Einaudi Institute for Economics and Finance**

Impact of some tax policies in a currency union: A DSGE analysis, **Benjamin Carton, CEPII**

Foreign trade pricing and stability of a monetary union, **Ramzi Drissi, University of Cergy-Pontoise**

Discussant: **Christian Dreger, DIW**

## **11.10 – 11.30: Coffee Break**

## **11.30 – 13.00: Parallel Session 4. Policy-mix (Winter Hall)**

Chair: **Paolo Onofri, PROMETEIA**

The impact of EMU on growth in Europe, **Ray Barrell, Dawn Holland, Iana Liadze, Olga Pomerantz, NIESR**

Current account imbalances in the euro area, **Alan Ahearne, National University of Ireland, Galway, Birgit Schmitz, University of Bonn, Jürgen von Hagen, University of Bonn, Indiana University and CEPR**

ECB vs. Council vs. Commission: Monetary and fiscal policy interactions in the EMU when cyclical conditions are uncertain, **Fabio Balboni, University of Bologna, Marco Buti, Martin Larch, European Commission DG ECFIN**

Discussant: **Kieran McQuinn, Central Bank and Financial Services Authority of Ireland**

## **11.30 – 13.00: Parallel Session 5. Production (Lecture Theatre)**

Chair: **Catherine Mathieu, OFCE**

Does the single currency affect foreign direct investment? A gravity-like approach, **José De Sousa, University of Paris 1 Panthéon-Sorbonne and University of Rennes 2, Julie Lochard, Erudite Paris 12 and University of Paris 1 Panthéon-Sorbonne**

Does trade integration contribute to synchronization of economic shocks in Europe?, **Peter Mikek, Wabash College**

Prices and output comovements: An empirical investigation for the CEECs, **Iuliana Matei, University of Paris I Panthéon-Sorbonne**

Discussant: **Iulia Siedschlag, ESRI**

## **13.00 – 14.00: Lunch (Graves Hall)**

## **14.00 – 16.00: Parallel Session 6. Exchange rates (Winter Hall)**

Chair: **Paul van den Noord, European Commission DG ECFIN**

Exchange rate dynamics in monetary union: An empirical assessment, **Vladimir Borge, Banque de France, Amina Lahrière-Révil, IMF, Antonia López Villavicencio, Universitat Autònoma de Barcelona**

Does the nominal exchange rate explain the Backus-Smith puzzle? Evidence from the Eurozone, **Metodij Hadzi-Vaskov, Utrecht University, Utrecht School of Economics**

The real euro-dollar exchange rate and equity market, **Kari Heimonen, University of Jyväskylä, Juuso Vataja, University of Vaasa**

Discussant: **Ray Barrell, NIESR**

## **14.00 – 16.00: Parallel Session 7. Country experience: inside and outside EMU (Dun Library)**

Chair: **Marek Dabrowski, CASE**

The effect of the euro on export patterns: Empirical evidence from industry data, **Gavin Murphy, Iulia Siedschlag, ESRI**

The impact of exchange rate regimes on production structures across countries: The European case, **Christian Aubin, Camelia Romocea-Turcu, University of Poitiers**

The euro adoption's impact on extensive and intensive margins of trade: The Italian case, **Sergio de Nardis, Carmine Pappalardo, Claudio Vicarelli, ISAE**

The Political Economy under Monetary Union: Has the Euro Made a Difference?, **Marcel Fratzscher, Livio Stracca, ECB**

Discussant: **Alan Ahearne, National University of Ireland, Galway**

## **14.00 – 16.00: Parallel Session 8. Wage inflation (Lecture Theatre)**

Chair: **Alan Barrett, ESRI**

Adjustment in EMU: Is convergence assured?, **Sebastian Dullien, FHTW Berlin - University of Applied Sciences, Ulrich Fritsche, University Hamburg and DIW Berlin, Ingrid Größl, University Hamburg**

Structural reforms and adjustment to shocks in the euro area, **Bérengère Junod-Mesqui, Yannick Kalantzis, Treasury and Economic Policy Directorate General, French Ministry of Economics**

Inflation targeting and monetary integration under ERM 2: Modeling third-country effects from production sharing, **Felix Hammermann, Deutsche Bundesbank**

The Maastricht inflation criterion: What is the effect of expansion of the European Union?, **John Lewis, Netherlands Central Bank, Tallinn University of Technology, Karsten Staehr, Bank of Estonia, Tallinn University of Technology**

Discussant: **Wim Suyker, CPB**

## **16.00 – 16.20: Coffee Break**

## **16.20 – 18.00: Roundtable**

Chair: **John Fitz Gerald, ESRI**

**16.20 – 16.50:** Introduction: EMU@10 - successes and challenges after ten years of Economic and Monetary Union, **Marco Buti, Paul van den Noord, European Commission DG ECFIN**

**Philip Lane, IIS, Trinity College Dublin, and CEPR**

**Joachim Scheide, IfW**

**Henri Sterdyniak, OFCE**

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