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## **The euro area in crisis: Challenges for monetary and fiscal policies, and prospects for monetary union**

**9<sup>th</sup> EUROFRAME CONFERENCE**

**ON ECONOMIC POLICY ISSUES IN THE EUROPEAN UNION**

**Organised by the EUROFRAME group of Research Institutes**

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

**Venue: Kiel Institute for the World Economy**

**Hindenburgufer 66**

**24105 Kiel, Germany**

Friday, 8 June 2012

# Programme

**8:00 – 8:45 Registration (Reading Room, E-201)**

**8:45 – 9:00 Opening Addresses (Reading Room)**

Dennis Snower, IfW, Catherine Mathieu, EUROFRAME and OFCE

**9:00 – 10:40 Plenary Session. What governance for the euro area? (Reading Room)**

Chair: Virginie Coudert, Bank of France, CEPII, and EconomiX-CNRS, University of Paris Ovest

**The European Monetary Fund – A systemic problem needs a systemic solution**, Stephan Schulmeister, WIFO

**How to restore sustainability of the euro?** Kari Alho, ETLA

Discussant: John FitzGerald, ESRI

**10:40 – 11:00 Coffee Break**

**11:00 – 13:00 Parallel Session. Fiscal policy (Lecture Hall, A-032)**

Chair: Catherine Mathieu, OFCE

**Fiscal multipliers: A meta-analysis of the literature**, Sebastian Gechert, Chemnitz University of Technology, Henner Will, IMK

**An assessment of stability and growth pact reform proposals in a small-scale macro framework**, Jérôme Creel, ESCP Europe & OFCE, Paul Hubert and Francesco Saraceno, OFCE

**Macroeconomic imbalances as indicators for debt crises in Europe**, Tobias Knedlik and Gregor von Schweinitz, IWH

**Fiscal and monetary policy determinants of the euro zone crisis and its resolution**, Marek Dabrowski, CASE

Discussant: Ulrich Fritsche, University of Hamburg

**11:00 – 13:00 Parallel Session. Financial issues (Reading Room)**

Chair: Enno Langfeldt, Kiel University of Applied Sciences

**Debt, assets and imbalances in the euro area: An urgent call for rebalancing instead of deleveraging**, Christophe Van Nieuwenhuyze, National Bank of Belgium

**International monetary transmission with bank heterogeneity and default risk**, Tsvetomira Tsenova, Bulgarian National Bank

**Financial stress and economic activity in Germany**, Björn van Roye, IfW

**Financial crisis, economic adjustment and a return to growth in the EU**, John FitzGerald, ESRI

Discussant: Carsten-Patrick Meier, Kiel Economics

### 11:00 – 13:00 Parallel Session. Real exchange rate issues (Conference Room, A-S25)

Chair: Markku Kotilainen, ETLA

**On currency misalignments within the euro area**, Virginie Coudert, Bank of France, CEPII, and EconomiX-CNRS, University of Paris Ovest, Cécile Couharde, EconomiX-CNRS, University of Paris Ovest, Valérie Mignon, EconomiX-CNRS, University of Paris Ovest and CEPII

**Exchange rate misalignments, fiscal federalism and redistribution: How to adjust in a monetary union**, Vincent Duwicquet, CLERSÉ, University of Lille 1, CNRS, Jacques Mazier, CEPN, University Paris 13 Nord, CNRS, Jamel Saadaoui, CEPN, University Paris 13 Nord, CNRS

**Currency devaluation with dual labor market: Which perspectives for the euro zone?** Amélie Barbier-Gauchard, Francesco De Palma and Giuseppe Diana, BETA, University of Strasbourg

**Exchange rate volatility and the two margins of trade: Evidence from monthly trade data**, Florian Johannsen, Georg-August University of Göttingen, Immaculada Martínéz-Zarzoso, University Jaume I, Spain, and Georg-August University of Göttingen

Discussant: Iulia Siedschlag, ESRI

### 13:00 – 14:00 Lunch

### 14:00 – 16:00 Parallel Session. Fiscal rules (Reading Room)

Chair: Thomas Lux, Kiel University

**The European redemption pact: An illustrative guide**, Hasan Doluca, Malte Hübner, Dominik Rumpf, Benjamin Weigert, German Council of Economic Experts

**Open to manipulation and pro-cyclical: A detailed analysis of Germany's 'debt brake'**, Achim Truger, Berlin School of Economics and Law, Henner Will, IMK

**Do we need fiscal rules?**, Catherine Mathieu and Henri Sterdyniak, OFCE

**A modified golden rule for the euro area**, Pierre Villa

Discussant: Wim Suyker, CPB

### 14:00 – 16:00 Parallel Session. Monetary policy (Conference Room)

Chair: Klaus-Jürgen Gern, IfW

**Macroprudential policy rules**, Tatiana Fic, NIESR

**The global prudential response to the crisis and the EU framework: An assessment**, Dominique Perrut, GRANEM, University of Angers

**Monetary policy trade-offs in a portfolio model with endogenous asset supply**, Stefan Schüder, University of Göttingen

**On the performance of monetary policy committees**, Etienne Farvaque, Université du Havre & Equipe - Universités de Lille & Skema Business School, Lille, Piotr Stanek, Cracow University of Economics, Stéphane Vigeant, Equipe - Universités de Lille & IESEG School of Management, Lille

Discussant: Christian Dreger, DIW

### 14:00 – 16:00 Parallel Session. Debt sustainability (Lecture Hall)

Chair: Stefan Kooths, IfW

**When is debt sustainable?**, Jasper Lukkezen, CPB, Utrecht University and Hugo Rojas-Romagosa, CPB

**Fiscal shocks, public debt, and long-term interest rate dynamics**, Luigi Marattin, University of Bologna, Paolo Paesani, University of Rome-Tor Vergata, Simone Salotti, National University of Ireland Galway

**An empirical investigation of the sustainability of fiscal policy in Greece during the last centuries**, Christian Richter and Dimitrios Paparas, University of East London

**Irish government debt and implied debt dynamics: 2012–2015**, John FitzGerald, Ide Kearney and Nuša Žnuderl, ESRI

Discussant: Dawn Holland, NIESR

**16:00 – 16:20 Coffee Break**

**16:20 – 18:20 Roundtable (Reading Room)**

Chair: Henning Klodt, IfW

**16:20 – 16:50 Keynote introduction: Avoiding debt traps: Financial backstops and structural reforms,**  
Pier Carlo Padoan, Urban Sila and Paul van den Noord, OECD

Panellists:

Paolo Onofri, PROMETEIA

Joachim Scheide, IfW

Henri Sterdyniak, OFCE

Paul van den Noord, OECD

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