

A FISCAL STABILISATION FUNCTION FOR THE EUROZONE

Venue: CEPS, 1 Place du Congr s, 1000 Brussels

Date: Thursday, 20 April 2017, 09:30 - 17:00

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The Five Presidents' Report of 2015 called for a macroeconomic stabiliser at the EMU level that would be capable of dealing with asymmetric shocks. A European unemployment benefits scheme (EUBS) is one potential stabilisation mechanism, but other risk-sharing tools that could be deployed across the Economic and Monetary Union (EMU) have also been proposed in recent years. This high-level conference will explore and compare the advantages and disadvantages of the various schemes entertained. Can (a common) fiscal policy serve as such an instrument to absorb shocks? What does this mean for EMU's governance structure? Which of these options is best suited for the member countries? Which one holds out the greatest promise of reducing the risk of deep recession? Do such schemes inevitably lead to moral hazard or are there practical safeguards that can be built into their provisions to minimise this risk from materialising? Are any of these proposal politically feasible in the near term?

09:00 - 09:30 Registration and Coffee

09:30 - 09:45 Welcome and Introduction, Brigitte Preissl, ZBW Editor-in-Chief, Intereconomics and Daniel Gros, Director, CEPS

9:45 - 11:00 **Session 1: A European Unemployment Benefits Scheme for the Eurozone**

Moderator: Daniel Gros, Director at CEPS

Karolien Lenaerts, Researcher at CEPS, *Feasibility and added value of a European unemployment benefits scheme*

Sebastian Dullien, Professor at HTW Berlin, *Ten lessons from a decade of debating EUBS: Robust findings, popular myths and remaining dilemmas*

Discussant: Suzanne Simonetta, Expert on Unemployment Insurance in the US

11:00 - 11:30 Coffee Break

11:30 - 12:45 **Session 2: EMU Governance and the Eurozone's Fiscal Stance**

Moderator: Derek Kruse, ZBW Deputy Editor-in-Chief, Intereconomics

Nicolas Carnot, Economic Adviser at European Commission, *EMU fiscal governance and macroeconomic stabilisation*

Christophe Kamps, Head of Fiscal Policies Division at ECB, *Reflections on the euro area fiscal stance*

Discussant: Paul De Grauwe, Professor at LSE and Associate Senior Research Fellow at CEPS

12:45 - 13:45 Lunch Break

13:45 - 15:00 **Session 3: Fiscal Rules, Fiscal Policy and Risk-Sharing: Friends or foes?**

Moderator: Niku Määttänen, Research Director at ETLA

Iain Begg, Professor at LSE, *The functioning of fiscal rules and the scope for risk-sharing*

Cinzia Alcidi, Senior Research Fellow and Head of Economic Policy Unit, CEPS, *Fiscal policy and cross-country risk-sharing in the euro area*

Discussant: Anne-Laure Delatte, Deputy Director at CEPII

15:00 - 15:30 Coffee Break

15:30 - 17:00 **Roundtable Debate: Fiscal Stabilisation for the Eurozone: Why and towards what end?**

Moderator: Martin Sandbu, Editorial Writer, Financial Times

Joaquín Almunia, Chairman of CEPS Board of Directors

Clemens Fuest, President of CES-Ifo

Suzanne Simonetta, Expert on Unemployment Insurance in the US

Frank Vandenbroucke, Professor at University of Amsterdam

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