

# **ONE DAY CONFERENCE**

## **Institutions of Economic Governance for an Incomplete Union**

Tuesday, 17 April 2012  
Wolfson Theatre, London School of Economics

### **PROGRAMME**

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# PROGRAMME

**9:00**    **Registration**

**9:15**    **Welcome Address**

**Jonathan Scheele** (European Commission)

**Kevin Featherstone** (European Institute, LSE)

**9:30**    **Managing public debt: how can the interface of central banking and fiscal policy be stabilised?**

The era of strictly separated monetary and fiscal policy is over. Central banks are lenders of last resort for financial institutions holding government bonds. In particular, the ECB will continue to play a role as stop-gap in the sovereign debt crisis due to the lack of a full-fledged federal budget. How can a central bank do this without losing control of its own mandate? A pressing and as yet unanswered question for the future is how fiscal policy can back up the central bank and release it from its quasi-fiscal role after a speculative attack. This step seems to be a vital precondition for growth to resume. The crisis since 2007 has seen some inadvertent innovations in this regard, which are worth reviewing.

Chair: **Waltraud Schelkle** (LSE)

Keynote: **Adam Posen** (Bank of England, Monetary Committee)

Comments: **Gavyn Davies** (Fulcrum Asset Management), **Daniel Gros** (CEPS), **Jeromin Zettelmeyer** (EBRD)

**11:00**    **Coffee Break**

**11:30**    **Managing private debt: what policy instruments are required?**

EU economic governance is arguably short of policy instruments. A single nominal interest rate that generates many different real rates is bound to create the problem of housing bubbles and current account deficits. This is a phenomenon that has been a notorious problem for economic governance in the UK, and more recently the eurozone. What kind of measures can help to keep asset booms and busts at bay? How can more stable and regionally balanced growth be achieved? Recent reforms introduced a Scoreboard to spot imbalances, but the surveillance process is skewed towards fiscal authorities and debtor countries. This session explores other means of dealing with asset bubbles and current account imbalances, which may involve the European System of Central Banks and would build on labour market institutions in member states.

Chair: **Philip Whyte** (CER)

Keynote: **Paul De Grauwe** (European Institute, LSE)

Comments: **Wendy Carlin** (UCL), **Francesco Columba** (IMF), **Alessandro Turrini** (European Commission)

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**13:00** Buffet lunch

**14:30** **Managing social imbalances: competitiveness at the price of more working poverty?**

The structural reform agenda of the EU is not only insufficient to deal with the macroeconomic imbalances but it also risks a political backlash against further integration. The reassessment of the OECD Jobs Strategy as well as work done by the Commission suggests that reforms that increase the flexibility of wages and employment contracts can improve the competitiveness of manufacturing and export industries but contribute to the dualisation of labour markets and working poverty in service sectors. Yet, is this necessarily a trade-off? Can striking the balance be left to competition between member states or do we need more minimum harmonisation of labour contracts? How can both goals of the structural reform agenda, growth through more flexible and more regular employment, be achieved? The US and the UK experience provide relevant evidence on these questions.

Chair: **John Springford** (CER)

Keynote: **Bea Cantillon** (University of Antwerp)

Comments: **Deborah Hargreaves** (High Pay Commission), **Panos Tsakloglou** (Athens University of Economics and Business), **Kittie Stewart** (LSE, tbc)

**16:00** Coffee Break

**16:30** **Panel discussion: Can reformed economic governance address the long-term problems of Greece and other countries in the Eurozone periphery?**

Chair: **Kevin Featherstone** (European Institute and Hellenic Observatory, LSE)

Panel: **Nicos Christodoulakis** (Athens University of Economics and Business),

**Antigone Lyberaki** (Panteion University), **Jim Rollo** (University of Sussex)

**18:00** Wine Reception

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