

# High Debt, Low Rates and Tail Events: Rules-Based Fiscal Frameworks under Stress

Third Annual Conference organized by the European Fiscal Board

**26 FEBRUARY 2021 | BRUSSELS**

The economic implications of the Covid-19 crisis have had deep impact on public finances, severely affecting debt levels in most EU Member States. The activation of the general escape clause of the Stability and Growth Pact (SGP) paired with new EU instruments such as the SURE and Next Generation EU have made room for countries to respond as they saw fit. But what will happen when we eventually return to “normality”? How severely and for how long has the crisis altered public finances? Is the current fiscal framework equipped to effectively address the drastically increased debt levels of several Member States?

## ■ CONFERENCE PROGRAMME

### **Opening**

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| 09:10 - 09:15                      | Welcoming remarks by <b>Niels Thygesen</b>   Chair, European Fiscal Board   |
| 09:15 - 09:30                      | Opening speech: <i>Fiscal policy in times of Covid-19</i><br><b>Valdis Dombrovskis</b>   Executive Vice President, European Commission  |
| 09:30 - 09:50                      | Keynote address: <i>Unconventional fiscal and monetary policy at the zero lower bound</i><br><b>Isabel Schnabel</b>   Member, Executive Board of the ECB<br>Chair: <b>Roel Beetsma</b>   Member, European Fiscal Board  |
| <b>Morning session<sup>1</sup></b> | Chair: <b>Martin Larch</b>   Head of Secretariat, European Fiscal Board   |
| 09:50 - 10:30                      | <i>The public debt outlook in the EMU post-Covid: A key challenge for the EU fiscal framework (speakers 20 min., discussant 10 min.; floor 10 min.)</i><br><b>Nicolas Carnot</b>   Chief Auditor, French High Council of Public Finances<br>Discussant <b>Thiess Büttner</b>   Chair of Public Finance, University of Erlangen-Nürnberg |

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<sup>1</sup> The papers presented during the morning session are contributions from members of the Network of EU IFIs.

10:30 - 11:10 *How to strengthen fiscal surveillance towards a medium-term focus? (speakers 20 min., discussant 10 min.; floor 10 min.)*

**Lucía Rodríguez Muñoz** | Deputy Director of Public Debt, Economic Analysis Division, Spanish Independent Authority for Fiscal Responsibility

Discussant **Gilles Mourre** | Head of Unit, Fiscal policy and surveillance (ECFIN), European Commission

11:10 - 11:50 *The role of the Independent Fiscal Institutions in assessing the sustainability of high public debt in the post-Covid era (speakers 20 min., discussant 10 min.; floor 10 min.)*

**Eddie Casey** | Chief Economist and Head of Secretariat, Irish Fiscal Council

Discussant **Claudia Braz** | Chairperson, Working Group on Public Finances of the European System of Central Banks

11:50 - 14:00 **Conference Break**

**Afternoon session** Chair: **Xavier Debrun** | Member, European Fiscal Board

14:00 - 14:40 *Is Higher Debt an (Almost) Free Lunch? (speakers 20 min., discussant 10 min.; floor 10 min.)*

**Kenneth Rogoff** | Professor, Harvard University

Discussant **Giancarlo Corsetti** | Professor, Cambridge University

14:40 - 15:20 *Worse Than You Think: Public Debt Forecast Errors in Advanced and Developing Economies (speakers 20 min., discussant 10 min.; floor 10 min.)*

**Jonathan D. Ostry** | Acting Director, Asia and Pacific Department, IMF

**Junji Ueda** | Director for Economic and Fiscal Policy Coordination, Ministry of Finance of Japan

- 15:20 - 16:20 **Panel Discussion: *Post Covid-19 crisis - How to deal with high debt levels?***  
*(5 min. introduction by moderator, two rounds of 7 min. interventions for each speaker; floor ca. 10 min.)*
- Martin Sandbu** (Moderator) | Financial Times
- Lorenzo Bini-Smaghi** | Chairman, Société Générale
- Charles Goodhart** | Professor Emeritus, London School of Economics
- Massimo Bordignon** | Member, European Fiscal Board
- 16:20 - 16:35 Keynote speech: *The role of fiscal policy in the wake of Covid-19*
- Paolo Gentiloni** | Commissioner, European Commission
- 16:35 - 16:45 Concluding remarks by **Mateusz Szczurek** | Member, European Fiscal Board