

Fiscal Policy Seminar 2021

“One year through the COVID-19 crisis”
Paris, 9-10 November 2021

More than one year after the start of the pandemic, the global economy is recovering at unequal pace, while health and economic uncertainties are still weighing. The aim of the 2021 Franco-German Fiscal Policy Seminar is to present cutting-edge academic work that can contribute to our understanding of the economic mechanisms at work during and especially after the pandemic, to inform policymakers about appropriate responses, and to allow for laying the foundations for more resilient economies in a post-pandemic world. An additional goal of the FPS is to identify new questions for research and policy-making.

Programme

Tuesday, November 9

12:30 Registration

13:00 Buffet lunch

14:00 Welcome addresses

Agnès Bénassy-Quéré (French Treasury and Paris School of Economics)

Jakob von Weizsäcker (German Federal Ministry of Finance)

14:30 Keynote lecture

The anatomy of the global savings glut

Moritz Schularick (Sciences Po and University of Bonn)

15:30 Coffee break

16:00 Session 1 – The covid crisis unfolding

Chair: **Essi Eerola** (VATT Institute for Economic Research)

Causal effects of closing businesses in a pandemic

Authors: Jean-Noël Barrot (HEC Paris and CEPR); **Maxime Bonelli** (HEC Paris); Basile Grassi (Bocconi, CEPR and IGIER); Julien Sauvagnat (Bocconi, CEPR and IGIER)

Discussant: Juan Carluccio (Bank of France, University of Surrey)

Supply shocks in supply chains: Evidence from the early lockdown in China

Authors: **Isabelle Méjean** (CREST-Ecole Polytechnique and CEPR); Raphael Lafrogne-Joussier (CREST-Ecole Polytechnique); Julien Martin (Université du Québec à Montréal and CEPR)

Discussant: Maxime Bonelli (HEC Paris)

From Macro to Micro: heterogeneous exporters in the Pandemic

Authors: Jean-Charles Bricongne (Bank of France); **Juan Carluccio** (Bank of France, University of Surrey); Lionel Fontagné (Bank of France, CEPII, Paris School of Economics); Sebastian Stumpner (Bank of France)

Discussant: Isabelle Méjean (CREST-Ecole Polytechnique and CEPR)

18:00 End of the first day

Wednesday, November 10

08:30 Welcome coffee

09:00 **Session 2 – Debt overhang**

Chair: **Sébastien Jean** (CEPII)

The Debt Capacity of a Government

Authors: Bernard Dumas (INSEAD, NBER and CEPR); **Paul Ehling** (BI Norwegian Business School); Chunyu Yang (BI Norwegian Business School)

Discussant: Nicola Borri (LUISS University)

Breakup and Default Risks in the Great Lockdown

Authors: Giovanni Bonaccolto (University of Enna Kore); **Nicola Borri** (LUISS University); Andrea Consiglio (University of Palermo)

Discussant: Paul Ehling (BI Norwegian Business School)

10:20 Coffee break

10:50 **Session 3 – Sovereign interest rates**

Chair: **Aitor Erce** (Universidad Pública de Navarra)

The Liquidity Channel of Fiscal Policy

Authors: Christian Bayer (University of Bonn, CEPR, CESifo, and IZA); **Benjamin Born** (Frankfurt School of Finance & Management, CEPR, CESifo, and ifo Institute); Ralph Luetticke (University College London, CEPR, and CFM)

Discussant: Stéphanie Pamies (European Commission)

Dispelling the Shadow of Fiscal Dominance? Fiscal and Monetary Announcement Effects for Euro Area Sovereign Spreads in the Corona Pandemic

Authors: Annika Havlik (ZEW Mannheim); **Friedrich Heinemann** (ZEW Mannheim, University of Heidelberg); Samuel Helbig (ZEW Mannheim); Justus Nover (ZEW Mannheim, University of Mannheim)

Discussant: Benjamin Born (Frankfurt School of Finance & Management, CEPR, CESifo, and ifo Institute)

Do Fundamentals Explain Differences between Euro Area Sovereign Interest Rates?

Authors: **Stéphanie Pamies** (European Commission); Nicolas Carnot (European Commission); Anda Pătărău (European Commission)

Discussant: Friedrich Heinemann (ZEW Mannheim, University of Heidelberg)

12:50 Buffet Lunch

14:00 Session 4 – Fiscal stabilization

Chair: **Agnès Bénassy-Quéré** (French Treasury and Paris School of Economics)

Does tax policy work when consumers have imperfect price information? Theory and evidence

Authors: Monika Schnitzer (University Munich); **Felix Montag** (University Munich); **Alina Sagimuldina** (University Munich)

Discussant: Alice Lapeyre (Center for Research in Economics and Statistics)

Evaluating the Effects of a Temporary VAT Rate Cut On Prices and Sales Employing Scanner Data on Nondurable and Durable Goods

Authors: Günter W Beck (University of Siegen); **Xavier Jaravel** (London School of Economics); Sebastian G. Kessing (University of Siegen and CESifo); Sebastian Sieglöcher (University of Mannheim)

Discussants: Felix Montag and Alina Sagimuldina (University Munich)

Should We Insure Workers or Jobs During Recessions?

Authors: Giulia Giupponi (Bocconi University); Camille Landais (London School of Economics); **Alice Lapeyre** (Center for Research in Economics and Statistics)

Discussant: Xavier Jaravel (London School of Economics)

16:00 Coffee Break

16:30 Session 5 – Strengthening the resilience of the EMU to future shocks

Chair: **Xavier Jaravel** (London School of Economics)

The Effects of Government Spending in the Eurozone

Authors: Ricardo Duque Gabriel (University of Bonn); Mathias Klein (Sveriges Riksbank); **Ana Sofia Pessoa** (University of Bonn)

Discussant: Andreja Lenarcic (IMF)

Monetary-Fiscal Crosswinds in the European Monetary Union

Authors: Lucrezia Reichlin (London Business School, CEPR); **Giovanni Ricco** (University of Warwick, OFCE SciencesPo, CEPR); Matthieu Tarbé (London Business School)

Discussant: Ana Sofia Pessoa (University of Bonn)

Conditionality in Official Lending: Compliance through Strategic Assessment

Authors: Daragh Clancy (Central Bank of Ireland); Aitor Erce (Navarra Public University); **Andreja Lenarcic** (IMF); Ramon Marimon (EUI, Barcelona GSE, CEPR, NBER)

Discussant: Giovanni Ricco (University of Warwick, OFCE SciencesPo, CEPR)

18:30 End of conference

Timing Presentations 20 minutes, discussants 10 minutes, open discussions 10 minutes

Venue Ministry of the Economy, Finance and the Recovery,
Pierre Mendès France conference center
139 rue de Bercy – 75012 PARIS

Scientific Committee:

Agnès Bénassy-Quéré (French Treasury and Paris School of Economics), Chair

Giancarlo Corsetti (Cambridge University)

Essi Eerola (VATT Institute for Economic Research, Helsinki)

Aitor Erce (Universidad Pública de Navarra, Pamplona)

Nicola Fuchs-Schündeln (Goethe University, Frankfurt)

Sébastien Jean (CEPII, Paris),

Gianmarco Ottaviano (Bocconi University, Milan)

Andreas Peichl (ifo Institute and University of Munich)

Xavier Ragot (Sciences Po – CNRS and OFCE, Paris)

Hélène Rey (London Business School)

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