



EUROPEAN COMMISSION
DIRECTORATE GENERAL
ECONOMIC AND FINANCIAL AFFAIRS

THE BUDGETARY IMPLICATIONS OF STRUCTURAL REFORMS

A Workshop organised by the European Commission

Directorate General for Economic and Financial affairs

Brussels, 2 December 2005

Centre Borschette

36 rue Froissart, 1040 Brussels

The Directorate General for Economic and Financial Affairs organises a one-day workshop on the implications of structural reforms for government finances. Although structural reforms are currently at the centre of European policy making, progress need to be made on understanding the determinants and impact of structural reforms both by academics and policy makers.

Structural reforms raising potential growth and employment are a key ingredient of the Lisbon strategy. The reformed Stability and Growth Pact also includes new provisions on structural reforms. A topical issue in the EU public finance debate is the existence of a possible trade-off between the respect of budgetary targets in the short term and the adoption of reforms that may help to improve budgets on a permanent basis in the medium-to-long run. The idea of a possible trade-off between the implementation of structural reforms and the pursuit of budgetary objectives was reflected in the 2005 revision of the Stability and Growth Pact. In future years, the evaluation of budgetary impact of reforms is likely to acquire greater relevance in the implementation of the SGP. Better knowledge of the implication of structural reforms for public finances will be required in EU fiscal surveillance.

The workshop aims at improving the understanding of the short, medium and long-term budgetary effects of structural reforms. After the presentation of analytical papers contributed by academia and research and policy institutions, a policy panel will debate how structural reforms could be considered in the concrete implementation of the Stability and Growth Pact.

Programme:

- **Chair:** E. Flores Gual

9.30-10.00 Registration and welcome coffee

10.00-10.15 Opening: Director General K. Regling (European Commission)

10.15-11.45 Session 1: The long-term budgetary impact of structural reforms

- T. M. Andersen (University of Aarhus, CEPR, CESifo and EPRU) and L. Haagen Pedersen (The Welfare Commission): "Assessing sustainability and the consequences of reforms"
- P. Hoeller, C. Giorno and P. van den Noord (OECD): "Nothing ventured, nothing gained: the long-run fiscal reward of structural reform"
 - Discussant: D. Costello (European Commission)

11.45–13.15 Session 2: The transitory impact of structural reforms on government budgets

- W. Roeger (European Commission): "Assessing the budgetary impact of systemic pension reforms"
- S. Deroose and A. Turrini (European Commission): "The short-term budgetary implications of structural reforms: evidence from EU countries"
 - Discussant: R. Beetsma (University of Amsterdam and CEPR)

13.15–14.15 Lunch

14.15–15.45 Session 3: Structural reforms and government budgets: is there a trade-off?

- F. Heinemann (ZEW): "How distant is Lisbon from Maastricht? The short-run link between structural reforms and budgetary performance"
- R. Duval (OECD): "Fiscal positions, fiscal adjustment, and structural reforms in labour and product markets"
 - Discussant: L. Jonung (European Commission)

15.45–16.00 Coffe break

16.00–17.00 Policy panel: Structural reforms in the implementation of the revised Stability and Growth Pact.

- J. Marin-Arcas (ECB), P. Mills (Ministry of Finance, France) and M. Buti (European Commission).