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2014 SEEK Conference Special Edition


The fourth SEEK Conference at ZEW featured eminent speakers such as Hans Eichel, Thomas Piketty, Vítor Gaspar, Nils Schmid and Hans Peter Grüner. Franziska Brantner, Guiseppe Bertola, Karl Pichelmann and Kai Konrad took part in a lively panel discussion.

ZEW Holds Fourth SEEK Conference – Public Finance and Income Distribution in Europe

On 15 and 16 May 2014, ZEW President Clemens Fuest welcomed some 150 guests from politics, economics, and science to the fourth SEEK Conference. This year's topic was public finance and income distribution in Europe.

Clemens Fuest began his welcome address by explaining the choice of this year's topic. Precipitating the decision were the repercussions of the ongoing sovereign debt crisis on income levels and income distribution in Europe. As an example, he cited Germany's growing gross domestic product versus Italy's shrinking economy. Disparities like these, he noted, can be found not only between EU Member States but also within individual countries. The participants at the two-day SEEK Conference were invited to discuss questions that directly pertain to these developments, such as the pros and cons of a fiscal union and the role of Europe in an increasingly globalised world.

Fuest then provided an overview of the conference schedule, with the first day geared primarily to a general audience and the second day featuring more technical talks. The ZEW President greeted the keynote speakers for the first day, the former German Minister of Finance Hans Eichel, the former Portuguese Minister of Finance Vítor Gaspar and Baden-Württemberg's Minister of Finance and Economic Affairs Nils Schmid. These lectures, he continued, will be followed by a panel discussion focused on how best to structure the European fiscal union. He presented the panel members: Franziska Brantner, a member of the

German Bundestag, Karl Pichelmann of the European Commission, and Giuseppe Bertola, a professor at the Business School in Nice, and Kai Konrad, the director of the Max Plank Institute for Tax Law and Public Finances, in Munich.

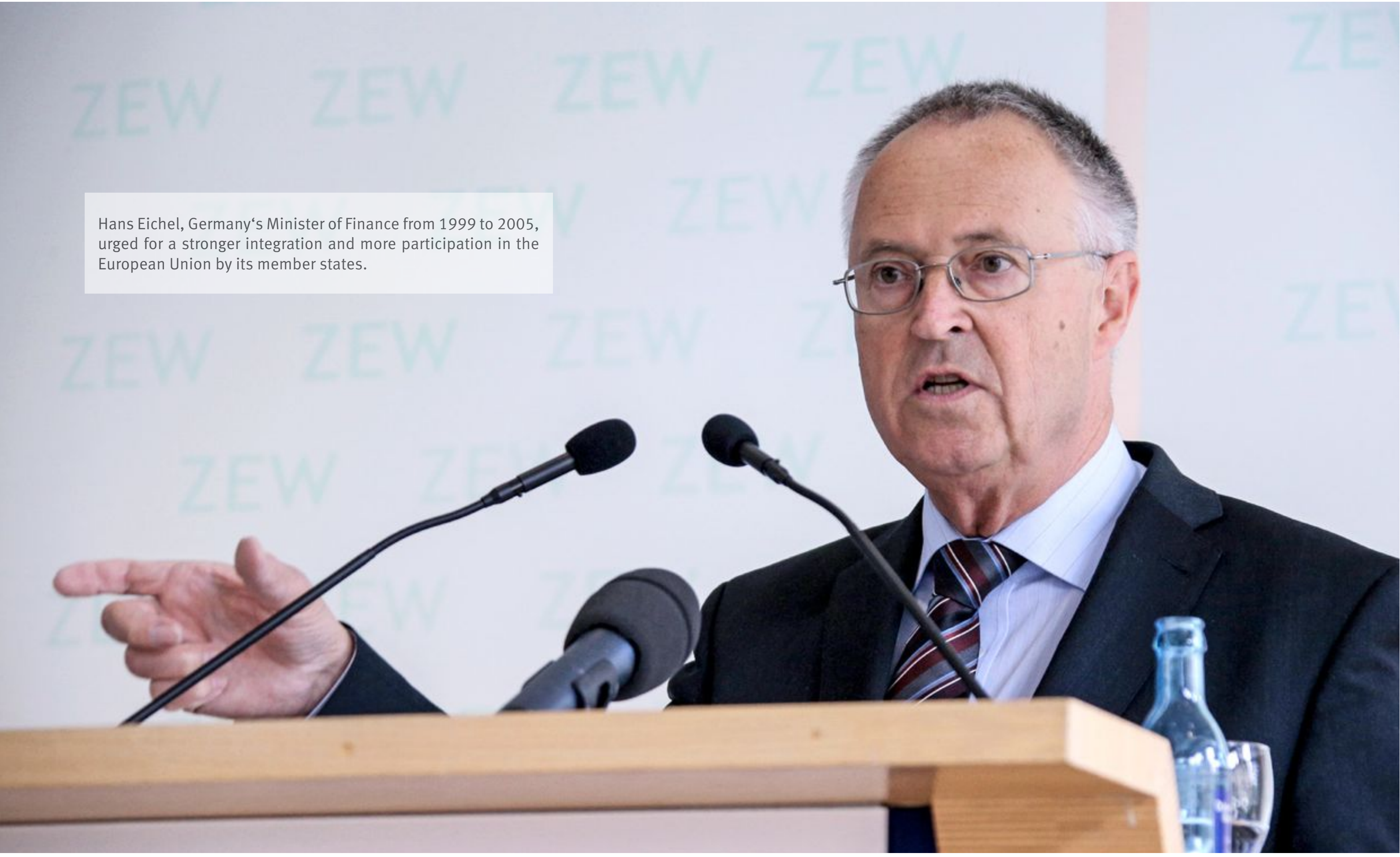
For the second day of the conference, Fuest predicted a lively debate between Hans Peter Grüner, a professor at the University of Mannheim, and Thomas Piketty of the Paris School of Economics. He said that Piketty, whose book "Capital in the Twenty-First Century" has been near the top of international best seller lists, will address the growing gap between rich and poor, while Grüner will shed light on current reforms in Europe from the perspective of institutional economics.

ZEW President Fuest also thanked Nils Schmid for his service as Baden-Württemberg's Minister of Finance and for the state's financing of the SEEK research programme. He outlined once again the goals of the SEEK programme: identifying political and economic alternative strategies for the many challenges that Europe is currently facing.

Strengthening Efficiency and Competitiveness in the European Knowledge Economies (SEEK)

ZEW's SEEK programme supports international cooperation between researchers from all areas of economics. Funded by the State of Baden-Württemberg, SEEK promotes cutting-edge research in economics across Europe. Specifically, SEEK fosters research projects on the efficiency and competitiveness of the European knowledge economies. Within the framework of SEEK, researchers develop policy recommendations to help the European Commission reach its goal of making the EU the most dynamic and competitive knowledge-based economy in the world. Against the backdrop of the European economic and financial crisis, demand is particularly high for economic expertise and independent, scientifically grounded policy advice. The 2014 SEEK projects thus focus on the central topic "Overcoming the Crisis in Europe". The SEEK programme was launched in late 2010 and has since been the framework for numerous research projects. A total of 35 projects, carried out by ZEW researchers in close cooperation with renowned international scholars, were approved in the first four allocation rounds. The fifth allocation round for SEEK projects started in April 2014, with funding secured for six of the 26 proposals submitted. More information on ZEW's SEEK projects can be found at: www.seek.zew.eu

Franziska Brantner (centre), Hans Eichel (outer left), Vítor Gaspar (third from left) and Nils Schmid (second from right) contributed to the fourth SEEK conference. The conference hosts: Thomas Kohl (second from left) and Clemens Fuest (outer right).



Hans Eichel, Germany's Minister of Finance from 1999 to 2005, urged for a stronger integration and more participation in the European Union by its member states.

Strengthening Europe – Hans Eichel on Coming Challenges for the EU

At this year's SEEK Conference Hans Eichel spoke about Germany's role in strengthening the European Union. Describing the intensified cooperation within the EU as a necessary step, he called for countries to drop their nation-state mentality and take joint action.

Hans Eichel, Germany's Minister of Finance from 1999 to 2005, began his lecture by emphasizing the importance of further consolidating and intensifying the European Union in the coming years. This requires individual states to relinquish restrictions on trade and the free movement of persons, as the European Union extends the same rights to all its members. Even when the Member States of the European Union develop at different speeds, he argued, they must show the same level of participation and endeavour.

Europe-wide Dialogue Between Various Sectors

Eichel believes that the European Parliament should be the main venue for Member State participation. But to fulfil this function, the European Parliament must, in Eichel's view, be given the power to raise its own resources and administer them autonomously. As a consultant for the EU parliament, Eichel urged Europe-wide dialogue between various sectors. His hope is that such a dialogue would give national leaders and experts from politics, academia, and the public sector a platform to talk about ideas and support parliamentary deliberations.

But Eichel also contended that a more integrated EU requires more than listening to the Member States. In his estimation, European institutions must be given powers that are now exclusively in the hands of nation states. First and foremost, he argued, is a common European system for unemployment insurance to serve as a stabiliser in case of crisis. He thinks that Germany in particular must understand its role in driving integration and support Southern European countries whenever possible in fighting youth unemployment.

European States Must Come to Agreements on Problems that Concern them Directly

Germany's former finance minister believes that Europe can benefit from a unified foreign policy as well. As the largest economic power in the world, the European Union has a much stronger voice on subjects of global importance – climate change, economic crisis, etc. – than the Member States alone, and can do more to shape decisions. But, Eichel noted, European states must come to agreements on problems that concern them directly – the crisis in the Ukraine, say – if this is to work. European foreign policy must also seek dialogue, particularly with neighbouring states in the East and the African states along the Mediterranean. Finally, Eichel stressed the need for a common army as a logical consequence of a unified European foreign policy. This would demonstrate the European integration and secure peace in a unified European continent.

Nils Schmid Demands for New Directions in the European Union

For his talk, Baden-Württemberg's Minister of Finance, Nils Schmid, addressed the crisis of confidence that has engulfed the European Union and identified ways to overcome it.

Nils Schmid began his lecture by observing that the recent global economic crises have forced the EU to take a series of emergency measures that have prevented important basic questions about the future of the EU from being raised. The uneven economic development, he thinks, has led many to doubt the EU's ability to find political solutions to its problems, resulting in various forms of EU fatigue, including lower voter turnout and gains at the polls by anti-European parties. Schmid believes that the EU must steer a new course to regain the confidence of its citizens. Part of that new course, he argued, consists in making European institutions more democratic. For the European Parliament to become a working legislative body, it must be able to pass initiatives and have a strong measure of control over the European Commission. For its part, the European Commission must be expanded into a governing body for Europe. At the same time, the EU must be mindful of the subsidiarity principle, which demands that national parliaments have more influence at the European level, especially in areas of national expertise.

Another part of the new course envisioned by Schmid concerns the attitudes that guide policymaking. In his estimation, an important consequence of the recent crises should be the coordination of economic and fiscal policy at the European level. He named the European Fiscal Compact as a cornerstone for this kind of coordination, and mentioned the banking union as a step in the right direction. But he also argued that in view of the enormous debt carried by some EU Member States, the EU must strive to create a common system for debt management. Specifically, he hopes for the creation of a debt relief fund financed by a common tax policy. "We need a common and compulsory way of taxing large assets and a Europe-wide fight against tax evasion," said Schmid. Specific measures he endorsed included the expansion of the EU's interest-rate guideline, the introduction of a financial transaction tax, and the strengthening of tax harmonisation.

Nils Schmid (centre) is welcomed by Thomas Kohl (left), ZEW's Director of Business and Administration, and ZEW President Clemens Fuest (right).

Panel Discussion – Collective Fiscal and Debt Policy in Europe

How must European fiscal policy be structured to quell the sovereign debt crisis and avoid future economic upheavals? This is the question addressed by Franziska Brantner, Giuseppe Bertola, Karl Pichelmann, and Kai Konrad at the SEEK panel discussion. Friedrich Heinemann, head of the ZEW Research Department "Corporate Taxation and Public Finance", served as moderator.

The panel discussion began with each participant stating his or her beliefs about the cornerstones of a European fiscal union. Franziska Brantner, a member of the German Bundestag, advocated stronger budgetary policy backed by stronger democratic control. A European Union economic commissioner with the power to forbid a Member State from assuming new debt must be monitored by the European Parliament, and when necessary overruled. Brantner urged Europe to create a better debt management system. She mentioned the proposal of the German Council of Economic Experts that Europe institutes a sinking fund. According to this proposal, national obligations above the 60 per cent level of the European Stability and Growth Pact should be channelled into a collective pot to pay down excessive debt. Such a system would lower interest rates considerably for highly indebted states. Participation in the fund would require each state to pay both interest on their share of debt and disburse a yearly predetermined amount to reduce debt.

Karl Pichelmann of the EU Directorate-General for Economic and Financial Affairs noted that the introduction of the euro was tied to the hope for stronger fiscal integration of eurozone members. But he pointed out that this expectation proved to be a mistake in view of the sovereign debt crisis that soon followed. Since the introduction of a common currency, the national fiscal policy regulations have drifted apart even further. Pichelmann criticized national parliaments and EU institutions for ignoring the risk of economic crisis. He did, however, praise important institutional reforms, including new regulations working towards a European bank union and the implementation of the European Stability Mechanism (ESM), which supports excessively indebted EU Member States with emergency loans and securities. Pichelmann also advocated a larger EU budget, though noted that such a move is being blocked by national parliaments out of fear of losing sovereignty.

Moral Hazard is Deeply Shaking the Trust of European Citiziens

Giuseppe Bertola, a professor at EDHEC Business School in Nice, focused on the moral hazard problem. This refers to the temptation to take more risks because the risks being taken are borne by a third party. In the case of Europe's sovereign debt crisis, the moral hazard situation arose when some states indebted themselves at the cost of other states. This circumstance is deeply shaking the trust of EU citizens. Hence, Bertola emphasized the importance of preventing moral hazards at all costs. The only morally correct measure – preventing individual countries from incurring excessive debt – is predicated on all Member States' accepting the rules of the European Union and seeing their pragmatic value. But he stressed that threats and sanctions are not the right way to keep Europe together, and refered to Switzerland as a role model instead. Though the country encompasses many different languages and cultures, its people have found the will to overcome mistrust and come to an agreement about common rules for the sake of finding pragmatic solutions.

EU has Expanded its Expertise in Fiscal Policy

Kai Konrad, the director of the Max Planck Institute for Tax Law and Public Finance, demanded tougher consequences for governments that do not play by the rules of the Stability and Growth Pact. In his view, this is the only way the European economic union can work in the long run. Konrad argued that to create the leeway needed for debt-financed stimulus packages in difficult economic times, countries must keep a balanced budget and limit public debt when the economy is stable. Konrad pointed out that in the past years the European Union has expanded its expertise in fiscal policy. A good example is the Outright Monetary Transactions programme (OMT), which does not replace a national government's actual control of debt policy. Yet Konrad was doubtful whether the European Union would manage to enact binding requirements in the coming years, such as maximum debt thresholds.

The panelist on the ZEW-podium: Karl Pichelmann, Guiseppe Bertola, moderator Friedrich Heinemann, Franziska Brantner and Kai Konrad (from left).

Vítor Gaspar on the Financial History of the United States and its Lessons for Europe

In his talk at the fourth SEEK Conference, Vítor Gaspar – former Portuguese Minister of Finance and special advisor to Banco de Portugal – drew parallels between the early financial history of the United States and the current problems of the eurozone. In particular, he spoke about what Europe must do if it is to erect a stable architecture for the financial markets and establish robust debt management.

Front and centre in Vítor Gaspar's lecture was the figure of Alexander Hamilton, the first Secretary of the Treasury of the United States (1789–1795) and a man who took visionary steps to establish a thriving financial system in his country. Gaspar described how Hamilton persuaded the federal government to accept strong central monetary control and in the process tackled the enormous debt the young nation amassed during the War of Independence. "Alexander Hamilton laid the foundations for a modern, robust American financial sector," he noted. "He was pivotal in the country's transition from looming bankruptcy to the world's most creditworthy issuer of government bonds."

In the second part of his lecture, Gaspar drew a number of consequences from his historical analysis for facing current challenges in the eurozone. To begin with, the early financial history of the U.S. shows that fiscal and financial issues are closely tied to political disputes. In this respect, Europe's sovereign debt crisis was not different, but, as Gaspar stressed, Europe has managed to pass some important legislative measures. These include regulations to reform the Stability and Growth Pact, known as Sixpack and Twopack, which obligate national governments to do more to lower government deficits. Another fundamental advancement was the European Fiscal Compact, a treaty that requires national governments to stay within the limits imposed by the Stability and Growth Pact while maintaining the primacy of national politics.

Every EU Member Must Be Able to Issue Secure Government Bonds

The second lesson identified is the importance of reducing debt and making public creditworthiness a priority. According to Gaspar, it was mostly owing to Hamilton's systematic perspective that he recognised this need. He viewed public credit as a key prerequisite for trade, growth, and prosperity. Today Europe has another compelling reason to reduce debt. "Every EU Member State requires a sovereign hand. It is the basis of a rugged well-functioning financial system," said Gaspar. "Put simply, every EU member must be able to issue secure government bonds; without this there can be no financial stability in Europe."

The third lesson from U.S. financial history: active and far-sighted debt management is the only way to achieve lasting success. One reason this is so important is that expectations and perceptions strongly shape financial markets. As an example, Gaspar recalled the famous 2012 statement by ECB president Mario Draghi that the ECB would do everything in its power to retain the euro. His remarks pacified the markets and were decisive in controlling the debt crisis.

Framework Guaranteeing Budgetary Discipline and Financial Stability

The fourth and final lesson from Hamilton's experiences is the need for a robust financial system, given that crises and downturns can arise at any time. In Gaspar's view, the institutional framework for budgetary discipline and financial stability

Vitor Gaspar (right) involved in a discussion with Katharina Richter researcher at ZEW.

must be designed so as to quell market panics. In the first years of the crisis – in 2009, 2010, and 2011 – Europe failed to achieve such a stable framework. Though Gaspar believes that Europe has since made considerable progress, he also thinks it still has a way to go.

Gaspar concluded his lecture with a quote from Hamilton: "Obstacles and delays will frequently stand in the way of the adoption of good measures, yet when once adopted, they are likely to be stable and permanent."

Hans Peter Grüner Addressed Institutional Reforms in Europe

For his lecture, Hans Peter Grüner examined the latest reform efforts in the European Union (EU) from an institutional perspective. As professor of economic policy at the University of Mannheim, Hans Peter Grüner focused especially on measures to resolve the debt crisis in Southern Europe.

The division of responsibilities set down by the Maastricht treaty, Hans Peter Grüner argued in his lecture, has been blurred as a result of policy responses to Europe's financial and sovereign debt crises. The euro area crisis precipitated a series of hastily stitched together reforms that turned the EU into a complex, intermeshed, and semi-opaque mechanism. Grüner compared the reforms of European institutions to airplane engines – complicated and hard to understand, yet many people correctly decide to place their trust in them everyday. But unlike airplane engines, the EU has exchanged its machinery mid-flight. To keep the EU airborne, he argued, solid proposals are needed to simplify the complicated EU framework into small segments and then improve them.

He believes that an especially problematic aspect of the EU's institutional structure is the OMT programme, introduced by the European Central Bank (ECB) as part of the European Stability Mechanism (ESM). In his view, the OMT could have a counterproductive affect on the willingness of Southern European countries to reform, especially since they are already feeling the pressure. The ECB bond-buying plan for highly indebted states could dispose some economies to forgo necessary reforms to their institutions and labour markets.

Hans Peter Grüner proposed small steps in order to simplify the EU's complex framework.

Only Pareto Efficient Reforms to Stimulate Growth Will be Accepted

Grüner was also critical of the fiscal and structural policy stabilisation measures pushed through by the EU Commission, which he believes have come at the expense of the citizens in those countries most affected by the reforms. This, he stressed, need not necessarily be the case. "Institutional economics have shown that reforms to stimulate growth can be Pareto efficient, which means they can improve the general welfare without making individuals worse off," he explained. To create acceptance for reforms in Europe, he concluded, it is crucial that governments compensate those who stand to lose. If they do not, the reforms will lose traction. As an example, Grüner pointed to the gradual repeal of several Hartz reforms in Germany, such as returning the retirement age to 63 for some workers. For a contrary case, he named the EU's 2005 agricultural reform, whose regulations led to Pareto efficient results.

Compensation Mechanism for the Disadvantaged Proposed

To convince citizens in Southern Europe to accept labour market reforms, Grüner recommended introducing a compensation mechanism. Using an economic model, he predicted that reforms in Southern Europe would lead to spillover effects in other European countries. The liberalisation in Southern Europe would put pressure on wages in Northern Europe, sinking labour costs and increasing profits for northern companies. A proper management of the compensation mechanism for those disadvantaged by the reforms could bring such effects to bear.

Relying on various studies, Grüner looked at the EU's sanction mechanisms. He cited studies showing that penalties are counterproductive for the affected country under a variety of circumstances. One example he provided: EU Member States with strong interest groups and relatively weak governments. In these cases, sanctions from Brüssel – for amassing too much debt, say – risk creating higher budgetary deficits. Sanctions can also strengthen the positions of interest groups in their negotiations with weak governments. To resolve this problem, Grüner suggested that the EU be given the right of direct access so that it – and not the weak national government – can absorb the penalty through the means of fair taxation.

Capital in the Twenty-First Century – Thomas Piketty on Growing Inequality

Thomas Piketty presented the basic arguments of his international bestseller Capital in the Twenty-First Century in his lecture the professor of the Paris School of Economics stressed the importance of keeping in mind the history of wealth distribution and made the case for a global tax on capital.

The professor of economics Thomas Piketty cautions against a further drifting apart of the distribution of income and wealth.

Thomas Piketty began his speech by explaining his 15-year study of economic data from various countries. He and the other economists who contributed to the study then created the World's Top Incomes Database to compare the growth of various national economies with their rates of capital return. A central part of Piketty's work is his focus on wealth instead of income, as wealth usually arises through inheritance, not through salaries and pensions. As Piketty explained, his analysis led him to the fundamental conclusion that wealth becomes more and more concentrated in an ever-smaller group of individuals as long as the capital return rate is greater than real economic growth. A look back over the past 40 years, noted Piketty, shows that the richest ten per cent of the populations in Western countries and Japan hold an increasing share of the wealth. In some periods, the wealth of the top ten per cent has grown more than three times as fast as the economy. Piketty then drew parallels between recent developments and the oligarchic society that formed after the industrial revolution.

World War I – the Start of a New Era

Another finding of Piketty's work is that the concentration of wealth in the hands of fewer and fewer people was disrupted by the First World War. In its wake, capital was distributed through larger sections of the population. In the United States, Piketty noted, income inequality dropped by nearly 50 per cent. Europe, where the gap between rich and poor had traditionally been smaller, experienced a similar development. This era of relative equality lasted until the late 1970s. Since then, the rate of capital return has exceeded real economic growth year after year. Piketty attributed this new accumulation of capital mostly to economic restructuring. Industrial nations are slow growth societies because they have already achieved a large degree of prosperity. As a result, these economies have tended to amass capital instead. Today, Piketty observed, the forms of capital investment are far more diverse and complex than they were in the 19th century. Other factors Piketty named in the accumulation of capital are the sinking tax rates for the highest earners in many countries and the enormous salaries at the top end of the income distribution.

As Tax Rates Dropped Did the Wealth Inequality Begin to Increase

Piketty does not see all inequality as bad. He believes that inequality is necessary to create incentives and drive innovation. But the economist also thinks that it only works up to a point. Too much inequality can be dangerous, replacing democracy with oligarchy and a culture of inheritance. To counteract it, he argued, countries need an estate tax and a global progressive tax on individual net worth, supported by an automatic exchange of information among the banks. Between the end of World War I and the late 1970s, income and inheritance taxes in many countries were higher than they are today, Piketty explained. Even in the United States, the top tax rate at one point far exceeded 80 per cent. Only as tax rates dropped did the wealth inequality begin to increase in all Western states and in Japan. At the end of the talk, Piketty left his audience members with the following insight: "By understanding history we can learn the right lessons for the future."

Scientific Forum

The second conference day was devoted to science. In three parallel sessions, the participants presented and discussed more than 40 scientific papers related to this year‘s main conference topic “Public Finance and Income Distribution in Europe”.

Parallel Session I, included, among other presentations, the discussion of the paper “An Unemployment Insurance Scheme for the Euro Area” by Mathias Dolls, Clemens Fuest, Dirk Neumann and Andreas Peichl. In their presentation, the authors considered various potential designs of a common unemployment insurance scheme. In times of crises it could serve as an automatic fiscal stabiliser, while it would also deepen fiscal integration in the eurozone. The researchers concluded that the implementation costs for such an insurance, which would help mitigate the effects of economic crises, would be relatively low. Further discussion topics in Parallel Session I were government debt, income mobility, tax progression as well as inequality and economic deprivation. In Parallel Session II, the researchers shed light on the idea of the fiscal union. The paper “The Euro Area Crisis: Need for a Supranational Fiscal Risk Sharing Mechanism?“ by Aleksandra Zdzienicka and Davide Furceri addresses the potential consequences of supranational fiscal risk-sharing in the EU. They, too, conclude that a relatively simple and inexpensive stability mechanism would already have a major effect against an unexpected economic downturn. Moreover, the researchers participating in Parallel Session II addressed topics related to fiscal policy, wealth distribution, labour market policy, and optimal taxation.

The discussion topics in Parallel Session III included fiscal consolidation, fiscal policy and the economic crisis, the effects of redistribution, incidence of taxation, and top tax rates. The parallel sessions were also the conclusion of the scientific part of the 2014 SEEK Conference.

Chrysa Leventi,
University of Essex

Denisa M. Sologon,
CEPS/INSTEAD
Maastricht University

Álvaro A. Novo,
Banco de Portugal and
University of Lisbon

PARALLEL SESSIONS I

EMU Unemployment Insurance

Michal Horvath (University of Oxford), Charles Nolan (University of Glasgow): Countercyclical Unemployment Benefits Under Incomplete Markets

H. Xavier Jara (Institute for Social and Economic Research, University of Essex), Holly Sutherland (Institute for Social and Economic Research, University of Essex): The Implications of an EMU Unemployment Insurance Scheme for Supporting Incomes

Mathias Dolls (ZEW, IZA, Bonn), Clemens Fuest (ZEW, University of Mannheim), Dirk Neumann (CORE, KU Leuven, IZA, Bonn), Andreas Peichl (ZEW, University of Mannheim): An Unemployment Insurance Scheme for the Euro Area

Government Debt

Benedicta Marzinotto (University of Udine, currently seconded to the European Commission, DG ECFIN): Euro Area Current Account Imbalances and Income Inequality

Erdost Torun (Institute of Economics, Academia Sinica, Taiwan), **Sine Kontbay-Busun** (Department of Economics, Dokuz Eylul University, Turkey): Causality Between Government Debt and Growth: Wavelet-Based Non-Parametric Granger Causality Analysis

Dennis Wesselbaum (University of Hamburg): Pro-Cyclical Debt as Automatic Stabilizer

Income Mobility

Martin Nybom (Stockholm University, Swedish Institute for Social Research), Jan Stuhler (University College London, Centre for Research and Analysis of Migration): Interpreting Trends in Intergenerational Mobility

Katharina Jenderny (Free University of Berlin): Mobility of Top Incomes in Germany

Jan Stuhler (University College London, Centre for Research and Analysis of Migration): Mobility Across Multiple Generations: The Iterated Regression Fallacy

Tax Progressivity

Gerlinde Verbist (Centre for Social Policy, University of Antwerp), Francesco Figari (University of Insubria, ISER – University of Essex): What Makes Personal Income Taxes Progressive? A Decomposition Across European Countries Using EUROMOD

Hans A. Holter (Uppsala University, UCFS), Dirk Krueger (University of Pennsylvania), Serhiy Stepanchuk (École Polytechnique Fédérale de Lausanne): How Does Tax Progressivity Affect OECD Laffer Curves?

Salvador Barrios (European Commission, Joint Research Centre, IPTS), Serena Fatica (European Commission, DG ECFIN), Diego Martinez (European Commission, Joint Research Centre, IPTS, Universidad Pablo de Olavide), Gilles Mourre (European Commission, DG ECFIN): Work-Related Tax Expenditures in the EU: Impact on Tax Revenues

Erwin Ooghe,
KU Leuven, IZA and ZEW

Inequality and Deprivation

Joseph Deutsch (Department of Economics, Bar-Ilan University, Israel), Anne-Catherine Guio (CEPS/INSTEAD, Luxembourg), Marco Pomati (School for Policy Studies, University of Bristol), **Jacques Silber** (Department of Economics, Bar-Ilan University, Israel, CEPS/INSTEAD, Luxembourg): Material Deprivation in Europe: Which Expenditures Are Curtailed First?

Markus M. Grabka (soco-economic Panel study DIW Berlin, TU Berlin), Christian Westermeier (Sozio-oekonomisches Panel DIW Berlin): Income and Wealth Inequality After the Financial Crisis – the Case of Germany

Mathias Dolls (ZEW, IZA, Bonn), Karina Doorley (IZA, Bonn, CEPS/INSTEAD, Luxembourg), **Alari Paulus** (ISER, University of Essex), Hilmar Schneider (IZA, Bonn, CEPS/INSTEAD, Luxembourg): Decomposing Changes in Income Distribution in Europe in 2030

PARALLEL SESSIONS II

Fiscal Union

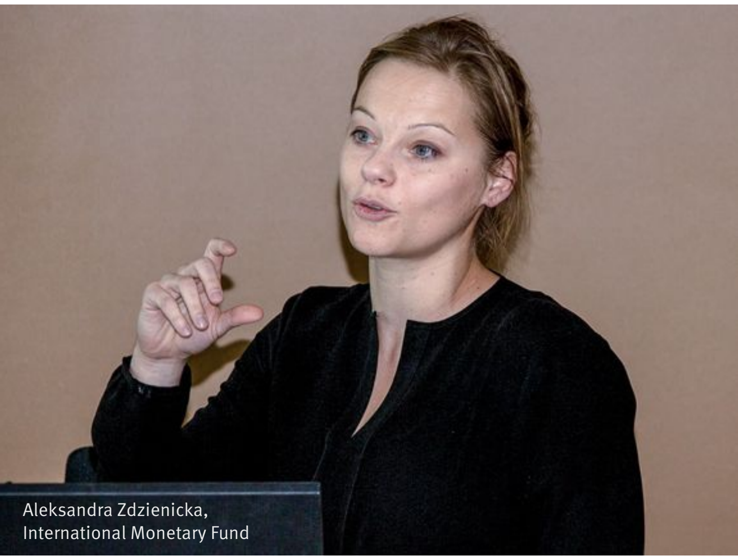
Manos Matsaganis (Athens University of Economics and Business), **Chrysa Leventi** (University of Essex): The Distributional Impact of Austerity and the Recession in Southern Europe

Davide Furceri (International Monetary Fund, Washington), **Aleksandra Zdzienicka** (International Monetary Fund, Washington): The Euro Area Crisis: Need for a Supranational Fiscal Risk Sharing Mechanism?

Dirk Neumann (CORE, KU Leuven, ZEW): Benefiting from a European 'Fiscal Union'? Redistribution vs. Stabilization

Savings, Fiscal Policy and Risk

Christoph Basten (KOF Swiss Economic Institute, FINMA, Switzerland), **Andreas Fagereng** (Statistics Norway), Kjetil Telle (Statistics Norway): Saving and Portfolio Allocation Before and After Job Loss



Aleksandra Zdzienicka, International Monetary Fund

Carmine Trecroci, University of Brescia

Sebastian Gechert (Macroeconomic Policy Institute, Düsseldorf, Chemnitz University of Technology), Christoph Paetz (Macroeconomic Policy Institute, HWR Berlin), Paloma Villanueva (Macroeconomic Policy Institute, HWR Berlin): The Effects of Tax and Transfer Shocks on Output: Reassessing the German Case

Daniel Harenberg (ETH Zurich), Alexander Ludwig (CMR, Institute for Public Economics, University of Cologne, ZEW): Social Security and the Interactions Between Aggregate and Idiosyncratic Risk

Wealth

Philip Vermeulen (Directorate-General for Research and Innovation, Monetary Policy Research Division, European Central Bank): How Fat is the Tail of the Wealth Distribution?

Henry Ohlsson (Department of Economics, Uppsala University), Jesper Roine (Stockholm Institute of Transition Economics and East European Economies), Daniel Waldenström (Department of Economics, Uppsala University): Inherited Wealth Over the Path of Development: Sweden, 1810–2010

Jacob Lundberg (Department of Economics, Uppsala University), **Daniel Waldenström** (Department of Economics, Uppsala University): Wealth Inequality and the Great Recession: Evidence from Sweden

Optimal Taxation

Etienne Lehmann (CREST, Paris Centre for Law and Economics, Université Panthéon-Assas, Paris), **Laurent Simula** (Uppsala Center for Fiscal Studies, Department of Economics, Uppsala University), Alain Trannoy (Aix-Marseille Université, Aix-Marseille School of Economics): Tax Me if You Can! Optimal Nonlinear Income Tax Between Competing Governments

Erwin Ooghe (Department of Economics, KU Leuven, IZA, Bonn, ZEW), Andreas Peichl (ZEW, University of Mannheim): Fair and Efficient Taxation Under Partial Control

Sebastian Findeisen (University of Mannheim), Dominik Sachs (University of Cologne): Efficient Labour and Capital Income Taxation Over the Life Cycle

Labour Market Policies

Denisa M. Sologon (CEPS/INSTEAD, Luxembourg, Maastricht University/UNU-MERIT), Philippe Van Kerm (CEPS/INSTEAD, Luxembourg): Earnings Dynamics, Foreign Workers and the Stability of Inequality Trends in Luxembourg, 1988–2009

Mario Centeno (Banco de Portugal, University of Lisbon), **Álvaro A. Novo** (Banco de Portugal, University of Lisbon): Employment Protection, Segmentation and Wage Inequality in Portugal

Attila Lindner (UC Berkeley), **Balázs Reizer** (Central European University): Reemployment Bonus vs. Frontloading the Benefit: An Empirical Assessment

Sine Kontbay-Busun,
Dokuz Eylul University

Javier Olivera,
IRSEI, University of Luxembourg

PARALLEL SESSIONS III

Fiscal Consolidation

Eduardo Ley (World Bank, Washington), **Florian Misch** (ZEW): Real-Time Macro Monitoring and Fiscal Policy

Laurence Ball (Johns Hopkins University, Baltimore), **Davide Furceri** (International Monetary Fund, Washington), Daniel Leigh (International Monetary Fund, Washington), Prakash Loungani (International Monetary Fund, Washington): The Distributional Effects of Fiscal Consolidation

Fiscal Policy and the Crisis

Boris Cournède (OECD, Paris), Antoine Goujard (OECD, Paris), Álvaro Pina (OECD, Paris): How to Achieve Growth- and Equity-Friendly Fiscal Consolidation? A Proposed Methodology for Instrument Choice with an Illustrative Application to OECD Countries

Simone Salotti (Oxford Brookes University), **Carmine Trecroci** (University of Brescia): Can Fiscal Policy Mitigate Income Inequality and Poverty?

John Hills (CASE, London School of Economics), Alari Paulus (ISER, University of Essex), Holly Sutherland (ISER, University of Essex), **Iva Tasseva** (ISER, University of Essex): Lost Decade? Decomposing the Effect of Tax-Benefit Policy Changes on the EU Income Distribution in 2001–2011

Taxing the Top

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