

Jean Monnet Workshop

Current Account (Im-)Balances Determinants and Policy Implications

24-25 October, 2019 | CEPS, Place du Congrès 1 | Brussels

From October 24 to 25, 2019, the University of Duisburg-Essen, the University of Greifswald and the Centre for European Policy Studies (CEPS), Brussels, will organise a Jean Monnet Workshop on „Current Account (Im-)Balances of the Euro Area and within the Euro Area Member Countries - Determinants and Policy Implications“, hosted by the Centre for European Policy Studies, Brussels.

Current account (im-)balances played a central role during the financial crisis. The large deficits of a number of euro area countries (in the South and the East) were widely considered unsustainable (at their peak often more than 10 % of GDP). But they have been largely corrected now. The swing of the so-called periphery from deficit to surplus has not been accompanied by a mirror movement of the core as the large surpluses of Germany and some of its neighbours (NL, DK, AT, etc.) continue unabated.

Questions to be addressed are the following: how can one explain large swings in current accounts in one group, but essentially no change in another group with close economic links? Why did some other countries, not part of or linked to the euro (e.g. Sweden, Switzerland) also run persistent surpluses?

It is often argued that the persistence of the German (and other core countries) surpluses made the adjustment more difficult for the rest of the euro area. Can this be quantified? What policy actions could the governments of the surplus core countries have undertaken to reduce their surpluses?

The combination of an unchanged surplus of Germany (and other core countries) with a large turn-around in much of the rest of the euro area has led to a large overall current account surplus of the euro area (over 3 % of GDP). This has created tensions at the global level as the US has remained in deficit (and the surplus of China has disappeared). Transatlantic trade tensions have been blamed for the Euro area surplus. A special focus will thus be on the current account (im-)balance of the euro area vis-a-vis the United States. Are the two linked and should policy try to address the 'im'-balance on both sides (US deficit or EA surplus)? Papers matching those issues are welcome.

Programme: Thursday, 24 October

08:30 – 09:00	Registration
09:00 – 09:15	Welcome: Ansgar Belke , University of Duisburg-Essen, Joscha Beckmann , University of Greifswald, Daniel Gros , Director, CEPS <i>Chair of the day: Joscha Beckmann</i>
09:15 – 09:55	Presentation 1: The North-South Divide, the Euro and the World Theodore Panagiotidis , University of Thessaloniki, Konstantinos Chisiridis, University of Macedonia, Kostas Mouratidis, University of Sheffield Discussant: Jan van Hove, KU Leuven
09:55 – 10:35	Presentation 2: Assessing the euro area current account Stefan Zeugner , European Commission, Leonor Coutinho, European Commission, Alessandro Turrini, European Commission Discussant: Mathilde Maurel, Université Paris 1 de la Sorbonne
10:35 – 10:50	<i>Coffee Break</i>
10:50 – 11:30	Presentation 3: Modelling the Trade Balance between the Northern and Southern Eurozone Using an Intertemporal Approach Keith Pilbeam , City University of London, Ioannis Litsios, Plymouth University, William Pouliot, Birmingham University, Boonman Tjeerd Menno, Bank of Mexico Discussant: Guglielmo Maria Caporale, Brunel University London
11:30 – 12:10	Presentation 4: The Corporate Saving Glut and the Current Account in Germany Tobias Schuler , European Central Bank, Thorsten Klug, University of Würzburg, Eric Mayer, University of Würzburg Discussant: Karsten Staehr, Tallinn University of Technology
12:10 – 13:10	<i>Lunch</i>



- 13:15 – 14:30 **Policy Panel: Current account imbalances: Cause for concern, need for policy action?**
Chair: Cinzia Alcidi CEPS, Brussels,
Panelists: Ludger Schuknecht, OECD, Paris,
Larry Norton, US Treasury,
Elena Flores, European Commission
- 14:30 – 15:10 **Presentation 5: The Role of Domestic Versus Foreign Drivers for External (Im)Balances of Euro Area Countries**
Lukas Vogel, European Commission,
Roberta Cardani, European Commission,
Stefan Hohberger, European Commission,
Philipp Pfeiffer, European Commission,
Werner Roeger, European Commission
Discussant: Timo Baas, DHBW Stuttgart
- 15:10 – 15:50 **Presentation 6: A Panel VAR Analysis of Macro-financial Imbalances in the EU**
Mariarosaria Comunale, Bank of Lithuania
Discussant: Kamila Kuziemska-Pawlak, National Bank of Poland
- 15:50 – 16:20 ***Coffee break***
- 16:20 – 17:00 **Presentation 7: Product and Labor Market Reforms and External Imbalances: Evidence from Advanced Economies**
João T. Jalles, Nova School of Business and Economics Lisboa
Davide Furceri, International Monetary Fund
Discussant: Ralph Setzer, European Central Bank
- 17:00 – 17:40 **Presentation 8: Savings–investment and the current account**
More measurement error than identity
Daniel Gros, Centre for European Policy Studies,
Joscha Beckmann, University of Greifswald,
Ansgar Belke, University of Duisburg-Essen
Discussant: Camelia Turcu, University of Orléans
- 19:30 ***Dinner:* Restaurant La Bottega (Rue de l'Enseignement 35)**

Programme: Friday, 25 October

	<i>Chair of the day: Ansgar Belke</i>
08:30 – 09:10	<p>Presentation 9: A Requiem for “Blame It on Beijing”: Interpreting Rotating Global Current Account Surpluses Hiro Ito, Portland State University, Menzie D. Chinn, University of Wisconsin, Madison and NBER</p> <p>Discussant: Steffen Elstner, RWI and University of Tuebingen</p>
09:10 – 09:50	<p>Presentation 10: Persistent Current Account Imbalances: Are they Good or Bad for Regional and Global Growth? John Beirne, Asian Development Bank Institute Ulrich Volz, SOAS University of London</p> <p>Discussant: Angela Capolongo, ECARES - Université Libre de Bruxelles</p>
09:50 – 10:05	<i>Coffee break</i>
10:05 – 10:45	<p>Presentation 11: What Do We Really Know About the Transatlantic Current Account? Martin Braml, Ifo Institute for Economic Research Gabriel J. Felbermayr, Kiel Institute for the World Economy</p> <p>Discussant: Michael Froemmel, University of Ghent</p>
10:45 – 11:25	<p>Presentation 12: Twin Deficits Revisited: a Role for Fiscal Institutions? António Afonso, ISEG - Universidade de Lisboa, João T. Jalles, Nova School of Business and Economics Lisboa Florence Huart, University of Lille, Piotr Stanek, Cracow University of Economics</p> <p>Discussant: Roland Winkler, University of Antwerp</p>
11:25 – 11:35	<i>Break</i>
11:35 – 12:15	<p>Presentation 13: Cross-Country Variation in Patience, Persistent Current Account Imbalances and the External Wealth of Nations Mika Nieminen, University of Jyväskylä</p> <p>Discussant: Bas van Aarle, KU Leuven</p>
12:15 – 13:15	<i>Lunch</i>



- 13:15 – 14:30 **Policy debate: Current Account Imbalances within the Euro Area**
Moderator: Ansgar Belke, University Duisburg-Essen
Declan Costello, Deputy Director General DG ECFIN
Discussant: Daniel Gros, CEPS
- 14:45 – 15:25 **Presentation 14: Reversals in Reverse: The Sustainability and Adjustment of Current Account Surpluses**
Volker Nitsch, Technical University of Darmstadt,
Helge Berger, International Monetary Fund
Discussant: Evgenia Passari, Université Paris Dauphine
- 15:25 – 15:40 ***Coffee break***
- 15:40 – 16:20 **Presentation 15: Producer Services and the Current Account**
Philipp Harms, University of Mainz,
Tobias Gruhle, University of Mainz
Discussant: Marco Luca Pinchetti, ECARES - Université Libre de Bruxelles
- 16:20 – 16:30 Farewell



List of participants

António Afonso, ISEG - Universidade de Lisboa
Cinzia Alcidi, CEPS
Philipp Allroggen, University Duisburg-Essen
Gabriel Arce-Alfaro, University Duisburg-Essen
Sina Asshoff, University of Duisburg-Essen
Timo Baas, DHBW Stuttgart
Joscha Beckmann, University of Greifswald
John Beirne, Asian Development Bank Institute
Ansgar Belke, University of Duisburg-Essen
Fabian Blesenkemper, University Duisburg-Essen
Martin Braml, Ifo Institute for Economic Research
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Leonor Coutinho, European Commission
Steffen Elstner, RWI and University of Tuebingen
Norbert Fay, University of Greifswald
Jonas Fischer, European Commission
Elena Flores, European Commission
Michael Froemmel, University of Ghent
Teo Geldner, University of Greifswald
Pascal Goemans, University Duisburg- Essen
Daniel Gros, CEPS
Bernhard Grotehusmann, University of Greifswald
Philipp Harms, University of Mainz
Hiro Ito, Portland State University
Marvin Jahn, Ruhr University Bochum
Kamila Kuziemska-Pawlak, National Bank of Poland
Lasse Laumann, University Duisburg-Essen
Mathilde Maurel, Université Paris 1 de la Sorbonne
Mika Nieminen, University of Jyväskylä
Volker Nitsch, Technical University of Darmstadt
Larry Norton, US Treasury
Leon Nuding, University Duisburg-Essen
Theodoros Panagiotidis, University of Thessaloniki
Evgenia Passari, Université Paris Dauphine
Keith Pilbeam, City University of London
Marco Luca Pinchetti, ECARES - Université Libre de Bruxelles
Maximilian Podstawski, Federal Ministry of Finance, Germany
Niclas Schöning, University of Greifswald
Ludger Schuknecht, OECD



UNIVERSITÄT GREIFSWALD
Wissen lockt. Seit 1456



Tobias Schuler, European Central Bank
Ralph Setzer, European Central Bank
Karsten Staehr, Tallinn University of Technology
Viktor Stoppel, University Duisburg-Essen
João Tovar Jalles, Nova School of Business and Economics Lisboa
Camélia Turcu, University of Orléans
Alessandro Turrini, European Commission
Bas van Aarle, KU Leuven
Jan van Hove, KU Leuven
Lukas Vogel, European Commission
Ulrich Volz, SOAS University of London
Roland Winkler, University of Antwerp
Stefan Zeugner, European Commission



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