

Expenditure Rules: International Experience and Relevance for France

Draft proposal for joint France Stratégie - IMF Seminar

May 11th mai 2015 from 13:00 at 18:45

Rooms Jean Monnet and Pierre Guillaumat
18 rue de Martignac – 75007 Paris

Several countries have introduced expenditure rules in recent years in order to increase the predictability of their public finances, limit public spending growth, make room for appropriate macroeconomic stabilisation and contribute to long-term sustainability. This is also the case for France where expenditure rules on specific government spending have contributed to containing public spending, albeit in a less comprehensive and stringent way than some other countries. The aim of the seminar would be to discuss the lessons from recent international experience and to assess their relevance for the programming of French public finances.

13:00 Welcome remarks by

Vitor Gaspar, IMF, Fiscal Affairs Department

Jean Pisani-Ferry, France Stratégie

13:10 The role of expenditure rules in the European context

Lead speakers

Vitor Gaspar, IMF, Fiscal Affairs Department

Catherine Mann, OECD

Philippe Gudin de Vallerin, Barclays

Moderator

Richard Hughes, IMF, Fiscal Affairs Department

Main issues: This session will discuss the role of expenditure rules in ensure safe levels of debt and sustainable public finances in Europe. How have expenditure rules performed relative to other rules in ensuring public debt sustainability? What are the macroeconomic stabilisation properties of an expenditure rule relative to other kinds of fiscal rules? How to make national rules consistent and complementary to the existing EU frameworks?

14:30 Design and implementation of expenditure rules: international experience

Lead speakers

Danièle Franco, Italian Treasury

Laura van Geest, CPB, Netherlands

Nicolas Carnot, European Commission

Moderator

Vitor Gaspar, IMF, Fiscal Affairs Department

Main issues: This session will review the main alternative designs of expenditures rules from international experience and the credible "commitment technology" needed to underpin them. What should be the coverage of the rule? Should expenditure limits be fixed or rolling? How can periodic expenditure reviews support the implementation of the rule?; What legal authority is

needed to control the evolution of local government and welfare expenditure? How to deal with expenditure shocks or slippages during execution, including the use of a well governed budget reserve? How should governments account for performance against their rules?

16:00 Coffee break**16:15** The French experience: an assessment

Lead speakers

Selma Mahfouz, France Stratégie

François Ecalte, French Cour des Comptes and Haut Conseil des Finances publiques

Denis Morin, French Budget Department

Moderator

Vincent Aussilloux, France Stratégie

Main issue: This session will review the design of French national expenditure rules and the effectiveness of multi-year expenditure ceilings covering the State, social security budgets and local governments. Given the limited coverage of each of these specific rules, should a mechanism that distributes the expenditure containment among the different levels of government be implemented?

17:15 Possible features of a new expenditure rule for France

Lead speakers

Gilles Carrez, Chairman of Finance Committee, Assemblée nationale

Sandrine Duchêne, Direction générale du Trésor

Jean Pisani-Ferry, France Stratégie

Olivier Blanchard, IMF

Main issues: As a conclusion to the seminar, this session could sum up the findings of the previous discussion and discuss the IMF proposal for a new expenditure rule for France.

