

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

PROGRAM

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 Ecalle, 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.

