

International Economics Programme (IEP) at



CHATHAM HOUSE

“Accounting for growth in the Eurozone”

EEGM Workshop

Thursday 24 May 2007, 9.00-15.00

Chatham House, London

The purpose of the workshop is to examine sources of economic growth in four large eurozone countries (Germany, France, Italy, Spain), to compare and contrast their experiences over the past 25 years focusing then on the supply-side prospects for growth in these countries – and by extension in the Eurozone as a whole. In many respects these countries are similar, but the determinants of their economic growth and their relative trends are in fact quite different.

Special attention is devoted to the cases of Germany and Italy, whose economic development has evolved in almost opposite directions, and more so in recent times. Germany has traditionally displayed a stronger preference for capital input at the expenses of labour input and decreasing capital productivity, which in itself explains persistently high unemployment. The paper on Italy finds, on the other hand, that Italian firms’ employment growth has significantly contributed to aggregate productivity growth, and thus to output change as a whole.

The evidence of the existence of divergent growth trajectories in the Eurozone offers the opportunity to assess the long-term effect of rising divergence in the context of the European monetary union. The questions that will be addressed are as follows. Is EMU itself responsible for rising divergence over the 1999-2006 period, not least because the absence of the nominal exchange rate has triggered beggar-your-neighbours’ policies? Has further economic integration created more opportunities? Is there really evidence of the structural trade-off between productivity and employment growth, to which the Lisbon Strategy provisions seem to make implicit reference?

Programme

Thursday, 24 May 2007: 9.00-15.00

9.00-9.45 Measuring Economic Performance in Germany

Speaker: Ognian Hishov, Free University, Berlin; Researcher Stiftung Wissenschaft und Politik (SWP)

Discussant: Benedicta Marzinotto, Lecturer in Political Economy, University of Udine; Research Adjunct, Chatham House

9.45-10.30 Growth Accounting for the Four Main Euro Economies

Speaker: Vanessa Rossi, Associate Fellow, Chatham House

Discussant: Max Watson, Economic Advisor, European Commission DG ECFIN

10.30-10.45 Coffee break

10.45-11.30 Employment and Productivity Dynamics in Europe: an Assessment of the Lisbon Strategy

Speaker: Carlo Altomonte, Associate Researcher, ISPI; Assistant Professor of Economics, Bocconi University

Discussant: Michael Thiel, European Commission, DG ECFIN

11.30-12.15 EMU 8 years on: an assessment

Speaker: Daniela Schwarzer, Researcher, Stiftung Wissenschaft und Politik (SWP)

Discussant: Franco Bruni, Vice President ISPI; Full Professor of International Monetary Politics, Bocconi University

12.15-13.30 Lunch

13.30-15.00 Roundtable discussion