



## SEMINAR ON COUNTERCYCLICAL FISCAL POLICY IN ASIA

Organized by

**IMF Regional Office for Asia and Pacific (OAP)  
And IMF Fiscal Affairs Department (FAD)**

April 26-27, 2012  
Hotel Okura Tokyo  
Tokyo, Japan

*The global economic recovery from the “Great Recession” remains uncertain. Many large advanced European and North American economies face high deficits and debt ratios, which may in some cases limit their scope for implementing fiscal policies to support growth. By contrast, a number of Asian economies have relatively low deficits and debt ratios, and strong external positions. Do these countries have scope to run more accommodative fiscal policies to support domestic demand, especially in the event of negative spillovers from Europe? To what extent can Asian economies contribute to enhancing the global economic environment? How can policymakers tell whether they have adequate space to adopt a more expansionary fiscal policy amidst the still-weak global environment? What are the main tools of countercyclical fiscal policy? What is the role of subnational governments in implementing countercyclical policies, and how can these governments interact with national governments in a coordinated manner? How can the experiences of advanced, emerging markets and low-income economies in Asia contribute to our understanding of these issues? The seminar is designed to help provide answers to these questions.*

### PROGRAM

#### THURSDAY, APRIL 26, 2012

9:15-9:30

**Registration**

9:30-9:45

**Welcoming Remarks: Steven Barnett, Assistant Director, OAP**

9:45-10:45

**Session I: Economic and Fiscal Developments in Asia and the World**

**Moderator: Martine Guerguil, Assistant Director, FAD**

*This session reviews global fiscal and macroeconomic development and prospects. How will developments in the euro area affect the global recovery? How likely is the rebound in the United States to persist? What are prospects for Japan and other Asian countries?*

**Speakers: Jun Saito, Senior Research Fellow, Japan Center for Economic Research**  
(Former Director-General of the Cabinet Office) (15 mins)

**Steven Barnett, Assistant Director, OAP** (15 mins)

**Floor discussion** (15 mins)

10:45-11:00	<b>Coffee Break</b>
11:00-12:15	<p><b>Session II: Fiscal Space</b></p> <p><b>Moderator: Sik-hung Andrew Au, Principal Economist</b> <b>Government of the Hong Kong Special Administrative Region</b></p> <p><i>This session will analyze the question of how policymakers can determine whether they have adequate room to undertake countercyclical fiscal policies in response to slowing demand. What are the main factors that will influence the degree of fiscal space policymakers have available to them, both now and in the future? What are the risks associated with these policies, and how can they best be monitored?</i></p> <p><b>Speakers: Martine Guerguil, Assistant Director, FAD (15 minutes)</b> <b>Stephen Schwartz, Chief Economist for Asia, BBVA Research (15 minutes)</b></p> <p><b>Discussant: Jung-In Youn, Head of IMF team, International Finance Bureau</b> <b>Ministry of Strategy and Finance, Korea (5 minutes)</b></p> <p><b>Floor discussion (35 minutes)</b></p>
12:15-12:30	<b>Group Photo Session</b>
12:30-2:00	<b>Lunch</b>
2:00-3:15	<p><b>Session III: Tools for Countercyclical Fiscal Policy</b></p> <p><b>Moderator: Jae Young Lee, Senior Economist, ASEAN+3 Macroeconomic Research Office</b></p> <p><i>What are the main instruments of countercyclical fiscal policy in advanced, emerging market and low-income economies? What does the evidence suggest about the effectiveness of these policies in stabilizing demand? How can revenue and expenditure policies be designed to increase their effectiveness in demand management?</i></p> <p><b>Speakers: Alvar Kangur, Economist, Expenditure Policy Division, FAD (15 minutes)</b> <b>Toshihiro Ihori, Professor, University of Tokyo (15 minutes)</b></p> <p><b>Discussant: Ekniti Nitithanprapas, Minister (Economic and Financial)</b> <b>Ministry of Finance of Thailand Royal Thai Embassy (5 minutes)</b> <b>Indrajith Coomaraswamy, Former Director, Economic Affairs Division</b> <b>Commonwealth Secretariat, Sri Lanka (5 minutes)</b></p> <p><b>Floor discussion (35 minutes)</b></p>
3:15-3:30	<b>Coffee Break</b>

3:30-4:45

#### **Session IV: The Role of Subnational Governments**

**Moderator: M Govinda Rao, Director, National Institute of Public Finance and Policy, India**

*This session will examine the role of subnational governments in implementing countercyclical fiscal policies. Should subnational governments implement these policies, or is this best left to the central government? What are the main instruments of countercyclical policies at this level of government? How are they best financed—via local taxes or through transfers from the central government? How can policies at the central and local levels best be coordinated to ensure that they are effective and sustainable?*

**Speakers: Roy Bahl, Regents Professor of Economics, Georgia State University**  
(15 minutes)

**Motohiro Sato, Professor, Hitotsubashi University** (15 minutes)

**Discussant: Luky Alfirman, Head, Director for Macroeconomics Policy**  
**Fiscal Policy Office, Ministry of Finance, Indonesia** (5 minutes)

**Thurgha Govindasamy, Head, Fiscal Section**  
**Ministry of Finance, Malaysia** (5 minutes)

**Floor discussion** (35 minutes)

#### **Dinner Reception**

6:00 p.m.

**Remarks: Tatsuo Yamasaki, Senior Deputy Director-General, International Bureau**  
**Ministry of Finance, Japan**

### **FRIDAY, APRIL 27, 2012**

9:30-11:00

#### **Session V: Roundtable Discussion on Country Experiences**

**Moderator: Shogo Ishii, Director, OAP**

*This session will discuss country experiences with countercyclical fiscal policies. What challenges have country authorities faced in determining the scope for these policies? What are the political and technical challenges to using fiscal policy to stabilize demand? How have financial markets reacted to these efforts? Based on these experiences, how have country authorities responded to the global economic downturn thus far, and what would they do if their economies were to experience additional negative spillovers from Europe or elsewhere?*

**Speakers: Eiji Tajika, Professor, Hitotsubashi University**

**Benjamin Diokno, Professor and former DBM Secretary**  
**University of the Philippines School of Economics**

**M Govinda Rao, Director, National Institute of Public Finance and Policy, India**

11:00-11:15

**Concluding Remarks: Martine Guerguil, Assistant Director, FAD**

**Shogo Ishii, Director, OAP**