



**Siv Jensen** was appointed Minister of Finance in Erna Solberg's government on October 16th, 2013. Since 2006 she is leader of the Progress Party. She headed the Parliament's Standing Committee on Finance and Economic Affairs from 2001 to 2005. Ms. Jensen has her education from the Norwegian School of Economics (NHH).



**Vítor Gaspar** is Director of the Fiscal Affairs Department at the IMF. He served as Portugal's Minister of State and Finance 2011-2013. His previous positions also include head of the European Commission's Bureau of European Policy Advisers, 2007-2011, as well as director-general of research at the European Central Bank from 1998 to 2004



**Giancarlo Corsetti** is Professor of Macroeconomics at Cambridge University and Director of the Cambridge INET Institute. He is a Research Fellow of the International Macroeconomic Programme at the Center for Economic Policy Research (CEPR). Mr. Corsetti is also a consultant for the European Central Bank and the Bank of England.



**Ragnar Torvik** is Professor of Economics at the Norwegian University of Science and Technology. He has published research on topics including resource economics, political economy and economic modelling. Mr. Torvik has been a Visiting Scholar at MIT, Harvard University and U.C. Berkeley, and is a member of the Ministry's advisory panel.



**Steinar Holden** is Professor of Economics at the University of Oslo. He has headed several governmental committees, most recently the Holden III - committee, which analyzed wage formation and challenges to the Norwegian economy. Mr. Holden is chairing the Ministry's advisory panel.



Conference hosted by the Ministry of Finance's advisory panel on macroeconomic models and methods

## The impact of fiscal policy on the economy

13<sup>th</sup> December 2016, 11.30-15.40

The Government quarter, auditorium in building R5, Oslo



Norwegian Ministry of Finance

## The impact of fiscal policy on the economy

Fiscal policy affects the economy through several channels, with varying time lags. In the short run, it can impact the level of activity in the economy by changing aggregate demand for goods and services. This means that fiscal policy can play a role in stabilizing economic fluctuations.

In the medium run, fiscal policy will also influence the structure of the economy, as well as the relative sizes of the exposed and sheltered sectors. Thus it will affect the economy's ability to handle structural adjustments, such as the petroleum sector's declining importance for the Norwegian economy.

Fiscal policy may also have an impact on long-term economic growth. Of major importance is the design of the tax and transfers system, which will affect the supply of labor and capital. Other parts of the budget also play a role.

The effects of fiscal policy are complex, and policymakers have to balance a range of considerations. With this conference, the Panel hopes to contribute to the public debate on fiscal policy – how we analyze its impact on the economy, and what we can hope to achieve with it.



### ABOUT THE ADVISORY PANEL

The Ministry of Finance's advisory panel on macroeconomic models and methods gives advice on topics relevant to the Ministry's work on macroeconomic issues. The Panel is chaired by Professor Steinar Holden from the University of Oslo.

*Detail from the Ministry's building.*

## Agenda

13<sup>th</sup> December 2016, 11.30-15.45

The Government quarter, auditorium in building R5, Oslo

### 11.30 Registration, coffee and sandwiches

12.00 Welcome

*Prof. Steinar Holden, chair of the Panel*

Opening remarks

*Siv Jensen, Minister of Finance*

12.15 How does fiscal policy affect the economy?

*Vitor Gaspar, Director, Fiscal Affairs Department, IMF*

Prepared comment:

*Prof. Øystein Thøgersen, NHH*

### 13.10 Coffee break

13.30 Stabilizing the economy – what is the role of fiscal policy?

*Prof. Giancarlo Corsetti, University of Cambridge*

Prepared comment:

*Prof. Hilde Bjørnland, BI*

### 14.20 Coffee break

14.40 How does fiscal policy affect structural adjustment in an oil-producing economy?

*Prof. Ragnar Torvik, NTNU*

Prepared comment:

*Vitor Gaspar, Director, Fiscal Affairs Department, IMF*

15.30 Concluding remarks

*Prof. Steinar Holden, chair of the Panel*

### 15.40 End